NEWS ITEMS ON CAG/ AUDIT REPORTS (16.12.2022)

1. OPS is an uphill task for Congress govt in Himachal *(thenewzradar.com)* 15 December 2022

Shimla: A report of the state finances audit report of Himachal has revealed that the expenditure of the state has increased from Rs 17,154 cr (in 2016-17) to Rs 22,464 cr (in 2020-21).

Expenditure, which is nearly 70% of the total revenue, comprises salaries, wages and pensions.

The expenditure on pensions was Rs 6,088 crore in the financial year 2020-21. It was Rs 4,114 crore in 2016-17. The report also said that only about a fourth of the state's revenue comes from its own tax revenue (OTR) sources. During 2020-21, out of total revenue that was Rs 33,438 crore only Rs 8,083 crore came from OTR.

In Himachal, the growth in ORT, which comprises taxes like state GST, state excise, land revenue, and taxes on vehicles, goods and passengers has been very low in recent years.

Data from CAG shows that Himachal Pradesh's OTR increased by 14.84 per cent, that is Rs 8,083 crore in 2020-21 from Rs 7,039 crore in 2019-20.

Moreover, in the pandemic year, Himachal's own taxes as a ratio of total revenue receipts stood at just 24.80 per cent which was lower than the all-state average ratio of state's own tax to total receipts (38.04 per cent) in that year.

The cumulative pension bills of the state have jumped to Rs 3,86,001 crore in 2020-21 from Rs 3,131 crore in 1990-91. Pension payments eat away a quarter of their tax revenues.

Reverting to OPS will mean the state would be required to pay 50% of the last earned salaries of government employees after their retirement. It will put more pressure on the exchequer in the future.

PM's statement

It is soon after Congress won the Himachal elections, that a statement from the Prime Minister attracted the national limelight. He said that political parties adopting shortcuts in politics are the biggest enemies of the taxpayer.

"Those whose aim is only to come to power, whose aim is only to grab the reins of the government by making false promises, they can never build the country. Today, at a time when India is working on goals for the next 25 years, some political parties, in their personal interest, want to destroy India's economy," Modi said in Maharashtra this week.

Himachal govt starts exercise

The Himachal Pradesh Congress government has started the exercise to implement what it had promised to the employees of this state. The data is being collected from all government institutions about the employees who are eligible for the OPS. A senior government employee said that OPS (Old Pension Scheme) is easy to execute as most of the retirement will take place after 2032.

“We will do this (OPS) in our first Cabinet meeting as promised to the people of Himachal,” Chief Minister Sukhvinder Singh Sukhu had said in Shimla after assuming office.

Unemployed, others do not have pension to depend on

There is also a thought going around among the masses that if government employees can’t survive without a pension then what will be the fate of unemployed youths, the underpaid and those who are in private jobs. Many people including government employees have raised this issue in TV debates during assembly elections. https://thenewzradar.com/ops-is-an-uphill-task-for-congress-govt-in-himachal/

2. GST Council has become a rubber stamp: TN Finance Minister *(thehindubusinessline.com)* 15 December 2022

Tamil Nadu Finance Minister PTR Palanivel Thiaga Rajan on Thursday said the Goods and Services Tax (GST) council, in its entirety, has become more of a ‘rubber stamp’ because the bulk of the work is getting done either by the GST fitment committee or law committee or the Group of Ministers (GOM).

He delivered the chief guest address at the ‘National GST Symposium 2022’ organised by The Institute of Chartered Accountants of India (ICAI). The two-day symposium was conducted to bring central, state tax, union territory tax officers on one platform to foster synergy, discussions, and exchange ideas.

The Tamil Nadu Finance Minister’s remarks come ahead of the 48th GST council meeting, which is scheduled to meet virtually on December 17.

Thiaga Rajan said there are many glaring weaknesses in the execution of GST. He said the GST meetings should happen at least once in three months, but in the last five years that was not the case.

He also said agendas for GST council meetings, which will see over 30 member states and hundreds of government officials participating, don’t come in advance for States to prepare and have intellectual debate.

“I got the second agenda for Saturday’s GST council meeting only yesterday and the third agenda might come by tonight or Friday,” he said.

Blackbox system
Thiaga Rajan also said nobody in the country could understand the methodology of how the Integrated GST (IGST) is computed and shared with the states. “This blackbox system leads to lack of respect and trust because nobody knows how this system works.”

The Tamil Nadu Finance Minister also pointed out that very often the outstanding GST amount highlighted by the States and by the Centre differ widely. Giving an example, Thiaga Rajan said, “Suppose, you add up all State’s claims and say ₹60,000 crore of GST is outstanding, the Centre will say the amount due is only about ₹8,000 crore.”

He, however, clarified that both States and Centre’s claims are true because the Centre recognises GST dues only after the Comptroller and Auditor General of India (CAG) signs the audit report and submits it to them for that year's settlement. "There are two years worth of settlement still not approved by the CAG office."

Thiaga Rajan said while the GOMs work much more efficiently with direction and reasonable outcomes, he was not confident about the constitutional standing of fitment and law committeeand whether key tax decisions can be taken by some set of officers of certain States and the Union government. https://www.thehindubusinessline.com/news/gst-council-has-become-a-rubber-stamp-tn-finance-minister/article66267238.ece

3. No one knows how IGST revenues are shared: TN Finance Minister *(newindianexpress.com)* 16 December 2022

CHENNAI: Renewing his criticism of the GST and its implementation by the union government, TN Finance and Human Resources Minister Palanivel Thiaga Rajan on Thursday said there were appalling weaknesses in the implementation of the taxation.

Speaking at the first national symposium for GST officers organised by the Institute of Chartered Accountants of India (ICAI), he alleged that Integrated GST (IGST) revenue-sharing methodology was not transparent.

"At best I can tell, nobody in this country can explain how the IGST revenues are shared among the states. For the first two years, the money was not split at all. (It was) about Rs 89,000 crore." The minister said a mechanism to split the funds were introduced only after the Comptroller and Auditor General of India flagged it. "I have worked with our commercial tax dept for a year and a half, but I cannot figure out a methodology that will arrive at this outcome."

Calling the revenue sharing model as a black-box system, he said it lacked respect and trust because nobody knew how the system worked and there was no rationale behind this. The finance minister, a former banker, said the fitment committee and law committees of the GST council were not properly designed and decisions were taken arbitrarily by members of a few states.

He said the Group of Ministers (GoM), with elected representatives, used to work more efficiently but it had been politicised now. In the times of former union finance minister the late Arun Jaitely, whichever state that had the interest or priority in the topic for discussion was asked to be the convenor. Now, however, this is based on seniority, making GoM an inefficient system, he said.

"GST council in its entirety has become a rubber stamp because the bulk of the work has been done either by the fitment committee or by the law committee or GoMs," he said. CA Rajendra Kumar P, Chairman of GST and Indirect Taxes Committee; CA Umesh Sharma, Vice Chairman of GST and Indirect Tax Committee; GST commissioners and senior officials were present. https://www.newindianexpress.com/states/tamil-nadu/2022/dec/16/no-one-knows-how-igst-revenues-are-shared-tn-financeminister-2528627.html

4. Former director of General Audit sentenced to four years rigorous imprisonment by CBI court *(newindianexpress.com)* Dec 15, 2022

The Indian Audit and Accounts Service was sentenced along with Sivaram Thilagar, then Assistant Surgeon, Government Primary Health Centre,Kanchipuram (Tamil Nadu) in a bribery case.

CHENNAI: A Paramasivan, former director (AMF-II) in the Office of Director General of Audit, Central Expenditure, New Delhi has been sentenced to four years of rigorous imprisonment and a fine of Rs 10,000 by the principal special judge for CBI Cases, Chennai (Tamil Nadu) in a bribery case.

The Indian Audit and Accounts Service was sentenced along with Sivaram Thilagar, then Assistant Surgeon, Government Primary Health Centre,Kanchipuram (Tamil Nadu) in a bribery case. Sivaram has been sentenced to undergo three years rigorous imprisonment with fine of Rs 5000 in a bribery case.

The CBI had registered a case against the accused after the allegations that Paramasivam demanded a bribe of Rs 5 Lakh from a complainant representing MIOT College of Nursing to settle the deficiencies noticed during the audit and inspection conducted on the records of the Nursing college. It was also alleged that Paramasivam asked the complainant to hand over the bribe amount to Sivaram Thilagar (brother-in-Law of Paramasivam).

The CBI laid a trap and caught the accused red-handed while they were demanding and accepting the bribe. After investigation, a chargesheet was filed. The Trial Court found the accused guilty and convicted them, a release said. https://www.newindianexpress.com/states/tamil-nadu/2022/dec/15/former-director-of-general-audit-sentenced-to-four-years-rigorous-imprisonment-by-cbi-court-2528464.html

5. CBI court awards 4 yrs RI to former Audit dept official & 3 yrs RI to Govt surgeon *(uniindia.com)* Dec 15, 2022

The Principal Special Judge for CBI Cases, Chennai today convicted and sentenced A.Paramasivam (IA&AS), then Director, AMG-II, in the Office of Director General of Audit, Central Expenditure, New Delhi to four years Rigorous Imprisonment in connection with a bribery case.

The Court also imposed a fine of Rs.10,000 on him, while convicting another person Shivram Thilagar, then Assistant Surgeon, Government Primary Health Centre,Kanchipuram in Tamil Nadu to undergo three years RI and imposed a fine of Rs.5,000 in the case.

CBI had registered a case against the accused on the allegations that Paramasivam had demanded a bribe of Rs.five lakh from Complainant representing MIOT College of Nursing to settle the deficiencies noticed during the audit and inspection conducted on the records of the college. It was also alleged that Paramasivam asked the complainant to hand over the bribe amount to his brother-n-law Sivaram Thilagar.

The CBI laid a trap and caught the accused red handed while demanding and accepting the bribe.

After investigation, a chargesheet was filed. The Trial Court found the accused guilty and convicted them. http://www.uniindia.com/cbi-court-awards-4-yrs-ri-to-former-audit-dept-official-3-yrs-ri-to-govt-surgeon/south/news/2879494.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Old is not gold: On the return to the old pension scheme *(thehindu.com)* 16 December 2022

With the freshly minted Chief Minister of Himachal Pradesh, Sukhvinder Singh Sukhu, reiterating that the Old Pension Scheme (OPS) will be restored by the newly elected Congress-led government, the State would now become the fourth to do so. It is no surprise that the promise of the return of OPS — it guarantees pension at 50% of the last drawn basic pay — boosted the beleaguered party as government employees and retirees form a significant portion of the hilly State's electorate. A Lokniti-CSDS post-poll survey supported the fact that awareness (74% of those surveyed) and support for the Congress's promise was high (70%), possibly playing a role in the party pipping the BJP to pole position — there was a single percentage point difference between them. Government staff seem to prefer the scheme as it allows them to avert their contribution of 10% of their basic pay and dearness allowance towards the employee pension funds, as envisaged in the National Pension Scheme (NPS) since inception in 2004. But, concomitantly, reverting to OPS will tax the State's exchequer. Data show that pension payments form nearly 25.6% of States' own tax revenue — 80% for Himachal — but fall to close to a still substantial 12% of the total revenue receipts of States. Along with wages and salaries of government staff, the burden is set to be quite high.

States reverting to OPS can achieve some short-term gains as they need not put up the matching contribution of 10% towards employee pension funds. But with a greying population, the burden of payments will fall on future generations. An argument can be made for enhancing State revenues by further taxation to fund the scheme. The NPS, that has been in place and which allows employees to contribute to their pension corpus from their salaries with matching contribution from the government, is more robust as this corpus is invested through Pension Fund Managers and eases the State's burden. The NPS has built a substantial corpus and subscriber base over time. The Congress-led UPA government had indeed taken forward the pension reforms by the previous NDA regime and this is how the NPS has become relevant over the years. Breaking a consensus on pension reforms and reverting to OPS amounts to an imprudent option as it will only benefit organised government sector employees, increase the fiscal burden of carrying these payments and take up a significant portion of the State's budget, thereby curtailing its outlays on general welfare as a whole. This holds good even if it allows for short-term electoral dividends and caters to those who form the backbone of the government machinery. https://www.thehindu.com/opinion/editorial/old-is-not-gold-the-hindu-editorial-on-the-return-to-the-old-pension-scheme/article66267860.ece

7. Double trouble *(telegraphindia.com)* 16 December 2022

From dams to expressways to coal-fired power plants, India's biodiversity is being battered by the development juggernaut

There's a new trend in the world of conservation. On the one hand, countries in the Global South are advancing their development agenda with a massive thrust towards building infrastructure. On the other, they are tightening their grip on biodiversity in line with the goals set by the Conference of Parties last year. Both approaches bulldoze local communities that have always conserved forests.

In India, the paradox of development and conservation is quietly unfolding around forests. Call it a double whammy: communities get evicted both by development and conservation. Neither approach sees locals as integral to the landscape. For instance, the country went into a collective ecstasy when cheetahs were reintroduced in the Kuno National Park in Madhya Pradesh. Few cared about the eviction of tribals. This is not all; around the same area, several infrastructure projects have been unleashed to showcase development.

Kuno is but one example. The disregard for taking communities along is stark. Otherwise, how is it that there isn't one example of locals being roped in for conservation? Take a look at every major protected area, you'll find both notions going hand in hand, much to the detriment of communities, with the brunt being borne largely by scheduled tribes who live amidst some of the pristine forests.

From dams to expressways to coal-fired power plants, India's biodiversity is being battered by the development juggernaut. The same goes for mindless conservation projects that do not factor in the locals inhabiting the ecosystem. The latest strategy adopted by the different states and the Centre is to carve out smaller conservation and community reserves instead of creating big national parks or sanctuaries. The former evokes less opposition and also allows authorities to push for infrastructure projects if needed in those very landscapes they aspire to conserve.

The protected area database (http://www.wiienvis. nic.in/Database/Protected_ Area_854.aspx), throws up a startling development: India hasn't really seen an increase in sanctuaries and national parks in the last few years. But there's a burst of small community and conservation reserves — terms denoting protected areas acting as buffer zones or connectors and migration corridors between established national parks or sanctuaries. These categories were first introduced in the Wildlife (Protection) Amendment Act of 2002 "because of reduced protection in and around existing or proposed protected areas due to private ownership of land, and land use". Why this sudden tweak in strategy?

One plausible reason could be that India is wedded to the ambitious spatial targets set by CoP to place nearly 30 per cent of the world's land and water under formal protection by 2030. This will be seen as a gauge to measure success, never mind the disregard for human rights. Where can you seek to expand the forests or biodiversity? Obviously where protected forests still exist.

An overwhelmingly large population lives within and near protected areas in the Global South, including India. They invest in and contribute to the economy of the commons equally. Most of these are indigenous people using forest resources for livelihood and sustenance. The double whammy of infrastructure projects and expansion of protected areas to meet spatial conservation targets don't augur well for them. In the long run, it hurts conservation goals too because they pitch the two against each other. That's one reason why locals went on a rampage near the Pench National Park in Madhya Pradesh after a tiger attacked and killed a human.

It is high time India reviewed its myopic approach and roped local communities into conservation of protected areas to avert a million potential conflicts. https://www.telegraphindia.com/opinion/double-trouble-indias-biodiversity-battered-by-development-juggernaut/cid/1904155

8. Centre draws flak from Parliamentary panel over state of onion silos *(downtoearth.org.in)* 15 December 2022

Storage facilities for onions run by the Centre are poor and need an immediate overhaul, the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution has said in a recent report.

The Standing Committee also noted that 51,582.74 million tonnes (MT) of onion had been damaged due to spoilage in the last three years.

"…the Committee are constrained to note that a quantity of 51,582.74 MT of onion has damaged due to spoilage during the years 2019-20 to 2022-21," the 23rd Report of the Standing Committee, produced before Parliament December 9, 2022, noted.

"They observe that the price of onions mounted to high during the recent months and damage of such quantity of onion reflects poor management on the part of the Department (of Consumer Affairs) who has also set a target of procurement of 250,000 MT of onion apart from other Essential Commodities in ensuing Budget year of 2022-23," the report added.

The document urged the Department of Consumer Affairs "to take due care for proper storage of onions so as to refrain price fluctuation as and when noticed for facilitating consumers and to prevent black-marketing."

This was to be done keeping in view the vast procurement of onion and its price fluctuation.

Damming indictment?
Three years ago in 2019, India faced its worst onion price rise since 2010. Prices skyrocketed beyond 150 per kilogram in the winter of 2019 before stabilising.

The government scoured markets in West Asia and Europe for onions. The onions from Egypt, Turkey, the Netherlands and other countries, however, reached late because of several reasons. By the time they arrived, domestic onions flooded the market. Demand was also hit because of differences in taste.

In the end, the imported onions were left to rot at Mumbai's Jawaharlal Nehru Port, something which the Standing Committee's report has now noted.

The Centre, in its defence, said it "accorded utmost importance to reduction of storage loss in onion buffer stocks".

It noted that the percentage of loss on account of prolonged storage of onion in the buffer in 2021-22, had been reduced to 25.96 per cent from about 28 per cent in 2020-21.

Onions were traditionally stored in open ventilated chawls and the development of modern scientific technology was still in the experimental stage.

"In order to develop technologies for primary processing, storage and valorisation of onion, the department has initiated a hackathon under the guidance of Chief Innovation Officer, Ministry of Education," the centre's reply said.

The hackathon would cover comprehensive solution for the issues in respect of improvement in the design of Kandha Chawls created by farmers, pre-harvest care, primary processing such as drying, treatment for fungal infestation, storage at appropriate temperature and valorisation.

"Onions from the buffer are being released in a targeted and calibrated manner to stabilise prices at local as well as national level by monitoring price trends in various centres, States/UTs and at the all-India level," the reply added. https://www.downtoearth.org.in/news/agriculture/centre-draws-flak-from-parliamentary-panel-over-state-of-onion-silos-86595

9. India growing faster than data shows: Credit Suisse *(timesofindia.indiatimes.com)* December 16, 2022

MUMBAI: India is growing faster than what is captured by the country's official data, and it presents a case for an upgrade of equities outlook, Credit Suisse said on Thursday. Upgrading Indian equities to 'benchmark' from 'underweight', the Swiss brokerage said there is scope for growth of up to 14% on the benchmark indices.

The brokerage firm's head of research Neelkanth Mishra said the country will grow at 7% in FY24, as against the consensus estimates that see real growth slipping below 6%. Mishra told reporters that the consensus estimates are based on official data alone, whereas the brokerage's analysis has taken into account a broad data set to arrive at its expectation.

Mishra said growth in dense fuels — which is typically below real GDP growth as fuel efficiencies go up — is over 4% per annum for the last three years. Similarly, revenue growths of the BSE500 companies also point to a faster growth, he said.

"We are expecting a stronger acceleration in India's GDP growth in 2023 owing to several domestic drivers. Revival in government spending, increase in low-income jobs and easing of supply chain bottlenecks should partly offset the impact of rate hikes, a slowing global economy and the need to reduce the balance-of-payments (BoP) deficit," he said.

The risk factors continue to be dependent on imported energy, reliance on foreign capital and a slowing global economy, he said. https://timesofindia.indiatimes.com/business/india-business/india-growing-faster-than-data-shows-credit-suisse/articleshow/96265827.cms

10. India, G20 presidency and a roadmap for boosting financial inclusion *(economictimes.indiatimes.com)* Dec 16, 2022

As the first three-day finance and central bank deputies (FCBD) gathering under India's G20 presidency ended on Thursday, the G20 Finance Track gets ready to host the inaugural meeting of central bank governors and finance ministers of member states on February 23-25 in Bengaluru.

The drive towards financial inclusion has been unique for each country, conditioned by national priorities, institutional capacity to implement reforms, evolution of financial markets, payments infrastructure, financial capability and cultural beliefs that drive financial behaviour. In India, policies for financial inclusion include:

Expansion of bank branch networks to unserved and underserved areas.

Credit flow to sections of society that get excluded by credit markets.

Launch of the Lead Bank Scheme.

Promotion of self-help groups (SHG) and joint liability groups (JLG).

Introduction of kisan credit cards (KCC) and basic savings bank deposit accounts (BSBDA).

Improving last-mile delivery through business correspondents.

A watershed moment was the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) programme for providing access to bank accounts to every household, and further to every unbanked adult under the expanded coverage. Taking this initiative forward, JAM (Jan Dhan, Aadhaar, Mobile) brought about a major shift in the field of financial inclusion and enabled universalisation of digital payments in a convenient, secure, transparent and affordable manner.

The resilience of the JAM ecosystem was tested during the pandemic, when timely relief was provided to vulnerable sections through direct benefit transfers (DBT) amounting to ₹5.53 lakh crore across 319 government schemes spread over 54 ministries. Building on the JAM ecosystem, India has made significant strides in bridging the gender gap. Deposit balances of women are growing at a faster rate than those of men through the last decade.

National Strategy for Financial Inclusion (NSFI): 2019-24 and National Strategy for Financial Education (NSFE): 2020-25 have been put in place to provide a road map for coordinated approach by all financial sector regulators to ensure system-wide financial inclusion, financial literacy and consumer protection.

A Financial Inclusion (FI) Index has been developed by the RBI, which highlights the need for greater and more focused interventions on the demand side of inclusion efforts for improving safe and secure usage of financial services and quality of delivery of sustainable financial inclusion.

India has been a forerunner in addressing the 'last-mile connectivity' problem by developing a world-class payments infrastructure, leveraging digital infrastructure like Unified Payments Interface (UPI), Aadhaar, Goods and Services Tax Network (GSTN), Open Network for Digital Commerce (ONDC) and account aggregators (AA) to facilitate digital consent-based sharing of financial data for lending, including cash flow-based lending to MSMEs.

Fintech solutions integrating digitised land records facilitate seamless credit to farmers. A video-based customer identification process (V-CIP) has been introduced to promote digital onboarding of customers. To promote responsible innovation, regulatory sandbox cohorts for retail payments, cross-border payments and MSME lending have been put in place by RBI. The trinity of UPI, e-KYC and AA is expected to usher in the next revolution in the provision of customised and inclusive financial services.

Under India's G20 presidency for the next year, the country will strive to advocate the importance of digital public infrastructure (digital identity, digital payment and digital consent-based sharing of data) to deepen the financial inclusion ecosystem globally. Digital innovations can address traditional barriers to inclusion through reduction of transaction costs and information asymmetry, especially in the case of disadvantaged groups such as MSMEs and small and marginal farmers. https://economictimes.indiatimes.com/opinion/et-commentary/view-india-g20-presidency-and-a-roadmap-for-boosting-financial-inclusion/articleshow/96260517.cms?from=mdr

11. India needs judicial and administrative reforms that place citizen welfare at the centre *(moneycontrol.com)* TV MOHANDAS PAI & NISHA HOLLA | December 16, 2022

An essential aspect of a nation's growth is the ease with which investment and business are conducted in society. Investments and businesses create jobs, increase the quantum of taxes, and enrich society.

This requires streamlined bureaucratic processes, quick decision-making with the appropriate consultations, and speedy resolution of live issues as and when they arise. A nation cannot afford to have a backwards-looking decision-making process, or one that seeks to control all the stakeholders in the process. The system needs an open, consultative, and democratic approach where the constituents convene, discuss the challenges, and propose solutions — then appraised by the administration and converted into policy.

The government and administration's roles are to ensure that decisions and policies are inclusive, forward-looking, empower the citizens, and benefit the whole society, and not any one section.

Decision-making must also ensure that decisions do not promote greater government control. The government cannot create wealth or jobs; that is the ambit of the private sector. India is a free country governed by the rule of law. The government’s control and management is inefficient, as seen in Air India’s case, and will impoverish the nation.

The asymmetry of knowledge between government and citizens leads to fear among the government and administration that giving more power to the citizens will limit their role as the custodians of governance. It must be remembered that in a democracy, the ultimate objective is the welfare of all citizens, which demands that the government and the administration take decisions that further the same in an environment of freedom and greater competition.

Today, it is evident across India that wherever bureaucratic control exists and oversight has increased, a failure occurs because a few easily capture the system. The license quota raj, set up by the government from Independence till the 1991 economic liberalisation, overly controlled businesses and entrepreneurs, and had the government run the economy's commanding heights. The entire system actively suppressed private capital, restricted job creation and investment, stunted economic growth, and was ultimately captured by crony capitalists for their gain. While economic liberalisation has enabled the nation to move away from the failures of the license raj, vestiges of this system remain.

As India looks forward towards 100 years of Independence, every state must ensure a complete clean-up of its administrative processes so that the socio-economic welfare of citizens is the guiding principle of all levels of government. While the Union government has liberalised many areas, the state governments are yet to undertake this exercise. State governments must collect the knowledge collateral, the ability to view existing processes differently, and the ability to bring together a large number of constituents to consult and develop policies and strategies that respond to the needs of citizens today, over the next 25 years, and beyond. Apart from welfare, these needs include increasing business efficiency, investments, and large-scale job creation.

The next stage of reforms must necessarily be in the states with a speedier disposition of policy matters and greater socio-economic empowerment of citizens. Of course, minimal government oversight is necessary to ensure that undue monopolisation does not occur, nor exploitation of citizens by any business entity. Today, India has a regulatory system which has demonstrated results.

The biggest failure of our democracy over the last 75 years has been the justice system. Today the nation has 21 judges/million population, barely up from 14 in the 1950s, despite the cases going up manifold, and an increasing number of people awaiting trial. The Supreme Court has many cases running with significant delays, the high courts even more so, and the lower courts beat both. Many cases are stuck up in the court system, which has inevitably led to the worst consequences for poorer sections of society. Nearly 250,000 under-trials are in Indian jails waiting for their time in court, and they constitute 2/3rds of the total prison population. They are yet to be released despite Supreme Court orders. A lack of justice asymmetrically affects the poorest sections of society, and must be resolved urgently.

We also see many economic cases go to court to settle disputes, and get stuck for a long time. In India, an activist judiciary at various levels has assigned to itself the right to make decisions on issues like the environment. Public emotions and sentiments are used to obscure the issues, leading to inordinately lengthy deliberations with disastrous economic consequences. An example is the escalation of the Narmada dam issue, both in cost and denial of the benefits of water to large parts of Gujarat's population. The case took a long time to resolve because of the politicking by the NGOs and excessive activism for personal gain. Allegedly illegal mining cases are another example where mining is abruptly banned first. Then judicial committees are set up, which take a long time to deliberate and resolve, with utter disregard for depriving many people, often daily labour, of employment.

Every time a court decides on a significant economic matter, it must be ensured that courts complete deliberations within a reasonable timeframe. Economic costs of excessive delays affect the economy, taxpayers, and the working population dependent on the matter under dispute. Similarly, investigative agencies such as the CBI and the ED must also be time-bound so cases are not dragged on for a long time, hurting the image of the investigated and that of India.

Even in tax cases, the number of disputes has doubled over the past few years, vast sums of money have been stuck up, and court decisions are not forthcoming in a reasonable period. This has created tax uncertainty, increased the sums of money locked up by the government, and increased India's risk premium in international business. For this reason, India does poorly on various rankings like the Ease of Doing Business (EoDB).

It is also true that in many dispute cases, the industry takes the easy way out and approaches the court to get a stay on economic matters, delaying the resolution. Even in the bankruptcy court, we see longer delays than when Parliament first enacted the law. Economic issues must be decided speedily, with certainty and with the judiciary's focus. An activist judiciary which always seeks to further the fundamental rights of citizens could also further economic progress; it needs a delicate balance between the two.

The judiciary must ensure there is adequate expert knowledge on the matter available. Without specialist knowledge, disastrous decisions are made with immediate consequences. For example, when higher courts made the grant of telecom licenses illegal overnight, people who had spent legitimate money obtaining those licenses incurred significant losses. There have been too many cases recently where the courts have reversed decisions taken by the government, which most observers say were in the government's ambit.

To accelerate job creation, expand the tax base, and eradicate poverty in an emerging country, India needs world-class processes and adequate judicial and administrative capacity with the necessary knowledge collateral. As demonstrated by SEBI in its policy-making or the IT ministry for the data laws, consultation with stakeholders is a requisite. The courts' speedy resolution of economic and tax disputes will improve India's EoDB. Reforms that place the citizens' welfare at the centre and restore respect for taxpayer money and citizens' time will be a welcome feat as India marches towards 100 years of Independence. https://www.moneycontrol.com/news/opinion/india-needs-judicial-and-administrative-reforms-that-place-citizen-welfare-at-the-centre-9716771.html

12. Indian thermal power plants got Rs 7.62 lakh crore in loans in 17 years: Report *(downtoearth.org.in)* December 16, 2022

Thermal power projects were given loans of Rs 7.62 lakh crore from 2005-2022 by 84 domestic and international lenders, according to a new report. The loans to 122 projects were from the public and private sector, found New Delhi-based non-profit Centre for Financial Accountability (CFA).

The study titled The Coal Tail: Tracking Investments in Coal fired Thermal Power Plants in India highlighted data about large-scale projects above 1,000 megawatts (MW) amounting to 198,659 MW capacity in 16 states and Union territories.

Financiers are increasingly shying away from backing thermal power plants, given the risks involved. Consequently, thermal capacity addition has reduced over the years. For instance, private institution Federal Bank recently announced it would no longer be financing coal projects, the report said.

On the contrary, the total coal supply, both coking and non-coking, has increased in the last five years to 955 million tonnes from 808 million tonnes, the paper by CFA data analyst Kenneth Gomes found.

Such information is rarely accessible to the public, according to Gomes, due to the lack of transparency and astute use of fiduciary relationships between bank and client.

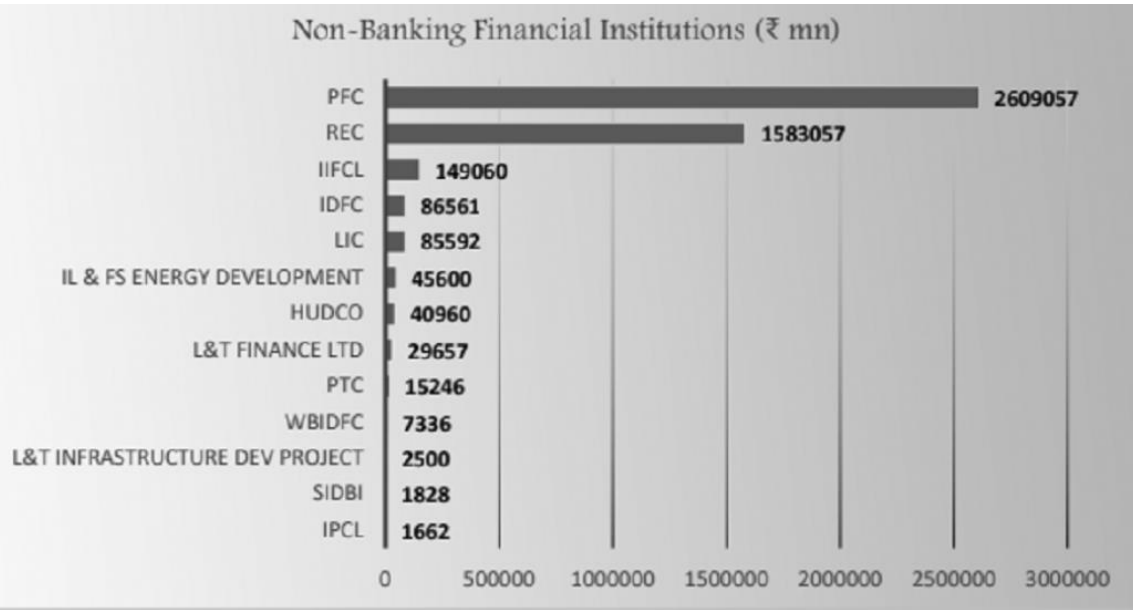
“This report intends to remove this asymmetry and make such information available publicly to encourage demands for accountability from financial institutions,” he said.

“Information about financing is indispensable to any scrutiny of project feasibility not only in terms of efficiency and requirement but also the environmental and social impacts accompanying such projects,” he added.

Most loans not from banks

Non-banking financial institutions accounted for 65 per cent of the Rs 7,11,741.89 crore (Rs 7.11 lakh crore) in loans sanctioned domestically, the analysis said. Public sector banks gave out 31 per cent of the loans and 4 per cent came from private banks.

Non-banking financial institutions such as Power Finance Corporation (PFC) and Rural Electrification Authority (REC) provided Rs 4.65 lakh crore (Rs 4,65,811.48 crore) out of the total loan amount (Rs 76,21,088 crore). Of this, Rs 3.60 lakh crore (Rs 36,08,050 crore) was given to public sector thermal power plants.



The analysis highlighted 29 public sector banks lending equal to Rs 2.18 lakh crore (Rs 2,18,125.77 crore).

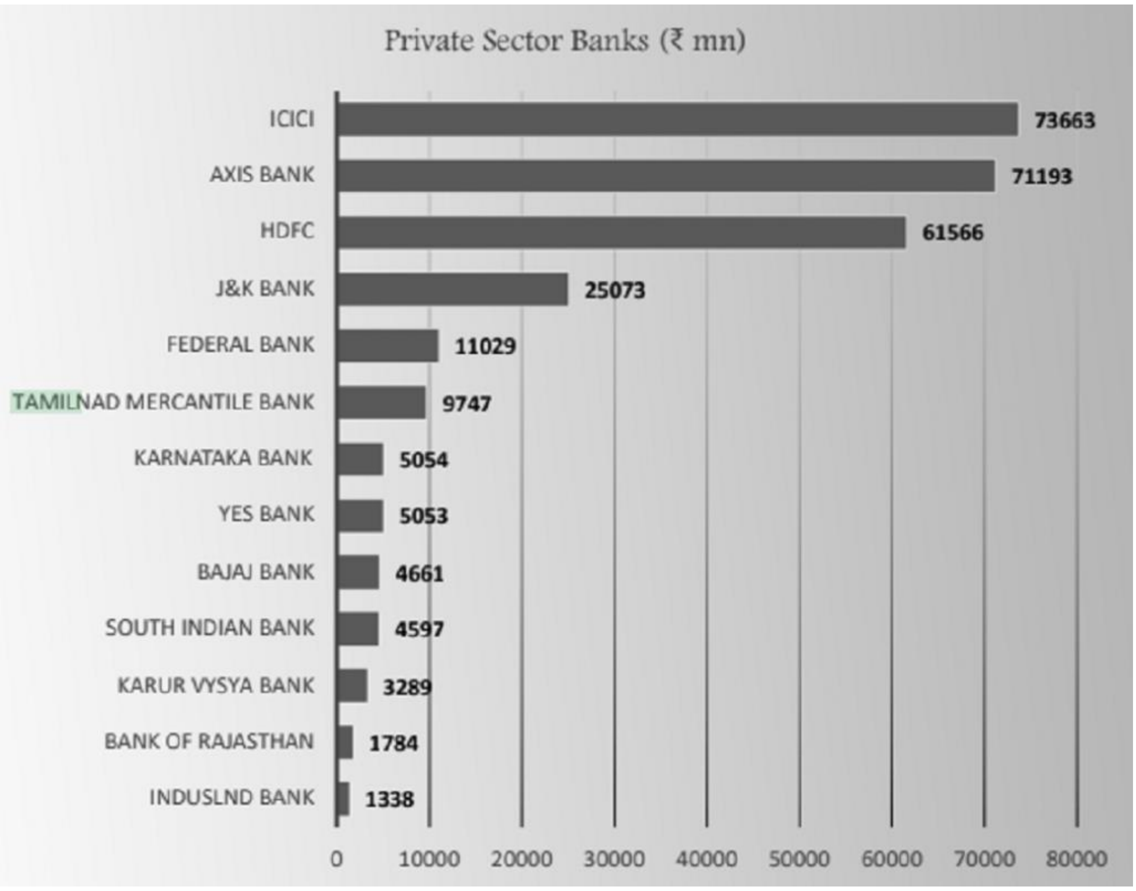
The report said:

Out of the total, State Bank of India accounts for 35.21 per cent of the loans, which amounts to Rs 7,68,144.2 million (Rs 7.62 lakh crore) given to 55 thermal power plants across the country, followed by Punjab National Bank to 44 thermal power plants and Bank of India to 27 plants.

State Bank of India extended 56 per cent of its loans to privately-held thermal power plants, Punjab National Bank 78.2 per cent and Bank of India 69.89 per cent, the analysis added.

“In comparison to public sector banks, private sector banks have lent Rs 2,78,046.48 million (Rs 27,804.64 crore) to coal-fired thermal power plants within the country. Out of these, ICICI Bank has lent the highest amount, Rs 73,660 million (Rs 7,366 crore), followed by Axis Bank, Rs 71,190 million (Rs 7,119 crore) and HDFC Rs 61,570 million (Rs 6,157 crore),” the report said.

International financial institutions lent Rs 5,03,66.89 crore. They include Japan Bank for International Cooperation, China Development Bank, and Standard Chartered, which gave the most amount of loans to various projects.



A state-wise analysis showed that the highest amount of loans had gone to Tamil Nadu, amounting to Rs 84,725.99 crore, followed by Telangana, Maharashtra and Madhya Pradesh.

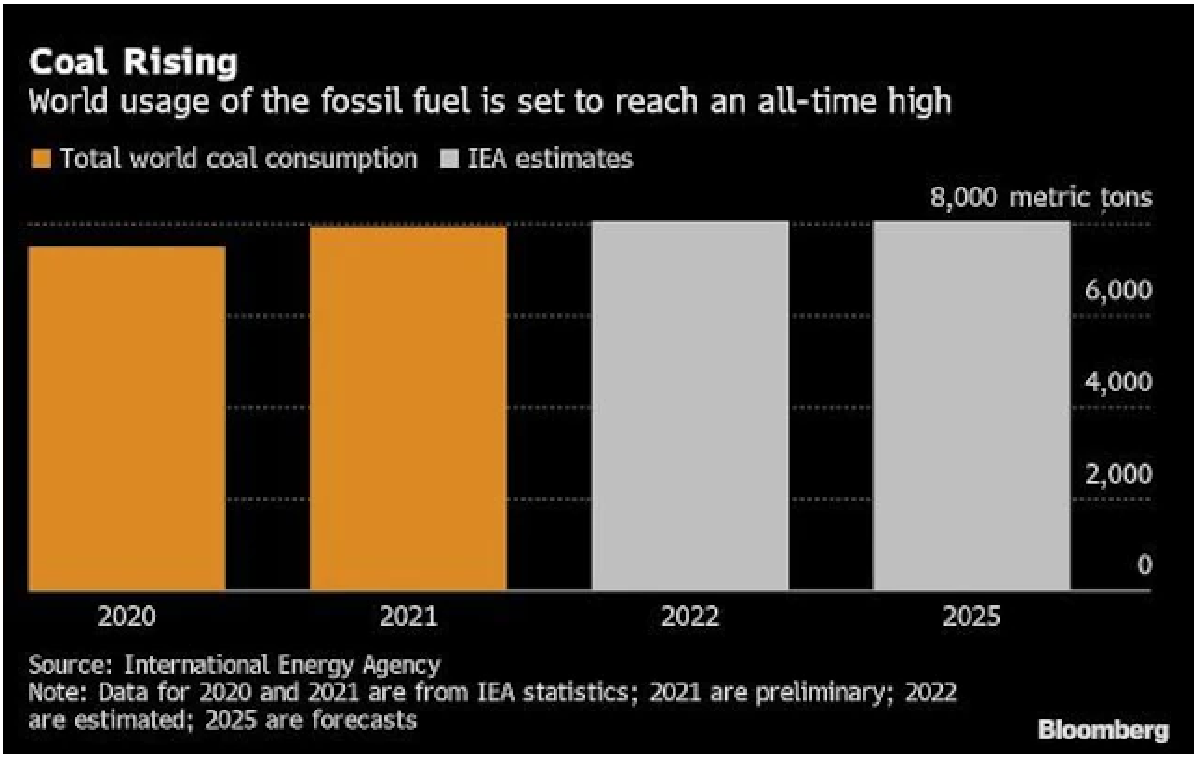
This is mainly because these are states with the highest number of plants: Chhattisgarh (17), followed by Uttar Pradesh (16), Tamil Nadu (13), Maharashtra and Madhya Pradesh (12).

Accordingly, Uttar Pradesh has the most commissioned capacity at 23,94 https://www.downtoearth.org.in/news/energy/indian-thermal-power-plants-got-rs-7-62-lakh-crore-in-loans-in-17-years-report-866104 MW, followed by Madhya Pradesh with 21,650 MW, and Chhattisgarh with 21,565 MW.

13. Global coal consumption set to hit new high this yr despite ambitious goals *(business-standard.com)* December 16, 2022

World coal consumption is set to rise to the highest level ever this year despite ambitious global goals aimed at weaning nations off burning the dirty fossil fuel.

Coal usage looks likely to increase by 1.2% in 2022, surpassing 8 billion tons in a single year for the first time, according to an International Energy Agency report published Friday. It also said consumption will likely remain at that level until 2025, as declines in advanced economies are offset by demand in emerging Asian markets, such as China and India.



The analysis "underlines the urgent need to massively scale up renewable power and energy efficiency so that we cut people's bills, secure our energy supplies, and keep essential climate targets intact," Alexandru Mustața, a campaigner at Europe Beyond Coal said. "Importantly, no European country has revised its plans to phase out coal completely by 2030, and Europe is still on track to be coal free by the end of the decade."

Europe's heavy reliance on coal this year is largely driven by Russia's curtailment of gas supplies to the continent, forcing it to draw on other other energy sources. It's at a time when European leaders are also attempting to shift toward renewables to secure a clean source of power going forward. https://www.business-standard.com/article/international/global-coal-consumption-set-to-hit-new-high-this-yr-despite-ambitious-goals-122121600411_1.html

14. BSNL to be allotted Rs 62,000 crore spectrum for 5G rollout *(economictimes.indiatimes.com)* Dec 16, 2022

(DoT) has decided to allocate spectrum worth about ₹62,000 crore to state-run Bharat Sanchar Nigam (BSNL) for rolling out its 5G services by August 2023.

The state-run firm is scheduled to start 4G services from next month in select cities and the network expansion for 4G and 5G will happen simultaneously.

Officials said a committee of DoT has approved a proposal to give a 10 MHz block in the premium 700 MHz spectrum band worth about ₹40,000 crore along with 70 MHz in the mid-band (3600 MHz to 3670 MHz) worth about ₹22,000 crore to BSNL for 5G.

"The DoT committee has approved the proposal and it will now be discussed by the inter-ministerial panel DCC (digital communications commission), following which the Cabinet will have to give the final go-ahead," an official told ET on condition of anonymity.

The spectrum allocation for 5G is in addition to the ₹1.64 lakh crore revival package cleared for the loss-making telco in July, said the official. BSNL is also making preparations to come out with a bond issue next week to raise around ₹8,500 crore. As per officials, the company plans sale of 10-year government guaranteed bonds.

The allocation of 700 MHz spectrum to BSNL assumes significance as it would allow the state-run firm to offer 5G services at scale across the country, including rural areas, and better compete with private telecom operators such as Reliance Jio and Bharti Airtel, said experts.

While the mid-band spectrum (3300-3670 MHz) provides capacity, low frequency (LF) bands like 700 MHz provide a coverage layer to telecom firms for 5G networks. In India, market leader Jio is rolling out 5G using the standalone mode (SA) with a combination of 700 MHz and 3300 MHz spectrum bands. Bharti Airtel, on the other hand, is currently using the non-standalone mode (NSA) for its 5G network by using spectrum in the 3300 MHz band combined with the 1800 MHz band for providing the coverage layer.

Bharti Airtel, which doesn't have the 700 MHz spectrum, has so far said it doesn't need the band and won't buy it at the coming auctions as well, a move which will leave enough of the frequency with the government to allot to BSNL.

Analysts though said Bharti Airtel would benefit from having a 10 MHz block in the 700 MHz band when it starts its SA mode 5G rollout in the coming years.

"While LF band is not absolutely essential for 5G SA, it gives a competitive edge. Considering different options involving existing LF and mid-bands for SA, we come to the conclusion that acquiring 10 MHz of 700 MHz band is among the better options for Bharti. 700 MHz would be key in its rural 5G, in the medium term," IIFL Securities said in a report. https://economictimes.indiatimes.com/industry/telecom/telecom-news/bsnl-to-be-allotted-rs-62000-crore-spectrum-for-5g-rollout/articleshow/96261579.cms

15. Last of Rafales arrive, deal of 36 completed *(hindustantimes.com)* Dec 16, 2022

France has completed the delivery of all 36 Rafale fighter jets to the Indian Air Force (IAF), with the last of the lot landing in the country on Thursday, officials familiar with the development said. India ordered the jets from France in a government-to-government deal worth ₹59,000 crore in September 2016.

“The Pack is Complete The last of the 36 IAF Rafales landed in India after a quick en route sip from a UAE Air Force tanker,” IAF wrote on Twitter, referring to the aircraft being refuelled on the way to India.

IAF formally induct the Rafale jets at the Ambala air base in September 2020. The other Rafale squadron is based at Hasimara in West Bengal.

The new fighters have sharpened the offensive capabilities of the air force, with their advanced weaponry, high-tech sensors, superior radar for detection and tracking of targets and ability to carry an impressive payload.

The Rafale weaponry includes Meteor-beyond visual range air-to-air missiles, Mica multi-mission air-to-air missiles, Hammer smart weapon, Scalp deep-strike cruise missiles, weapons that allow fighter pilots to attack air and ground targets from standoff ranges and fill a significant capability gap.

India-specific enhancements on the jets include cold engine start capability to operate from high-altitude bases such as Leh, radar warning receivers, flight data recorders with storage for 10 hours of data, infrared search and track systems, jammers and towed decoys to ward off incoming missiles.

The twin-engine jet is capable of carrying out a variety of missions — ground and sea attack, air defence and air superiority, reconnaissance and nuclear strike deterrence. It can carry more than nine tonnes of weapons on as many as 14 hard points. https://www.hindustantimes.com/india-news/last-of-rafales-arrive-deal-of-36-completed-101671128940031.html