<u>NEWS ITEMS ON CAG/ AUDIT REPORTS (25.01.2023)</u>

1. Calcutta High Court adds official to petition on central funds *(telegraphindia.com)* Jan 25, 2023

Calcutta High Court on Tuesday made the Bengal finance secretary a party in a case that alleged that the state government had failed to submit proper utilisation certificates against central funds of Rs 2,29,099 crore allotted to various departments till March 2021.

A division bench headed by Chief Justice Prakash Srivastava has ordered that the Comptroller and Auditor General (CAG) also be made a party in the petition which may come up for hearing on January 31.

Bengal BJP general secretary Jagannath Chattopadhyay and others had moved the petition demanding a CBI inquiry into the matter while referring to a CAG report.

The petitioners claimed that the state government had failed to submit utilisation certificates for Rs 81,839 crore sent to the panchayat and rural development department, Rs 36,850 crore to the school education department and Rs 30,693 crore to the urban development and municipal affairs department.

The petitioners also alleged that departments like health and family welfare (Rs 12,706 crore), woman and child development and social welfare (Rs 12,638 crore), power and non-conventional energy sources (Rs 7,715 crore), minority affairs and madarsa education (Rs 5,927 crore) and agriculture (Rs 3,239 crore) were on the list of defaulters.

"The petitioners have claimed that the CAG mentioned in its report that outstanding UCs of these three departments (panchayat and rural development; school education and urban development and municipal affairs) accounted for 39.30 per cent of the total outstanding UCs," said a lawyer representing the petitioners.

According to them, in the absence of the UCs, it could not be ascertained whether the departments had utilised the grants for the purposes for which the funds had been sent.

"This assumes importance as pendency in non-submission of UCs is fraught with the risk of misappropriation," a petitioner quoted the CAG report.

The petition, multiple sources said, was filed with a political motive to embarrass the state government ahead of panchayat polls.

The high court's order to make the finance secretary a party in the case has come as a blow to the top brass of the state administration as this is the first time that a case deals with the utilisation of the central funds.

"This is quite different from the CAG reports under which the state's explanation is sought under several issues, particularly where the CAG has questions over expenditure of funds. But this is different. It is tough for the departments to explain why UCs could not be submitted within a short period," said a source. https://www.telegraphindia.com/west-bengal/calcutta-high-court-adds-official-to-petition-on-central-funds/cid/1911952

2. HC: Add CAG, finance secy as parties to PIL on state finances *(timesofindia.indiatimes.com)* Jan 25, 2023

Kolkata: Calcutta High Court on Tuesday gave directions to add the Comptroller and Auditor General (CAG) and the state finance secretary as parties to the public interest litigation (PIL) filed by Bengal BJP secretary Jagannath Chattopadhyay.

The division bench of Chief Justice Prakash Srivastava and Justice Rajarshi Bharadwaj asked to include the CAG as Chattopadhyay, in his petition, had cited excerpts from its report that said utilisation certificates for panchayat work to the tune of Rs 2 lakh crore had not been submitted. The HC asked to add the finance secretary so that the state was able to make a submission. The bench will hear the PIL on Monday. https://timesofindia.indiatimes.com/city/kolkata/hc-add-cag-finance-secy-as-parties-to-pil-on-state-finances/articleshow/97295375.cms

3. बंगाल में 2.29 लाख करोड़ रुपयेका हेर-फेर! कलकत्ता हाईकोर्ट नेकहा- CAG व वित्त सचिव को पक्षकार बनायें *(prabhatkhabar.com)* Jan 24, 2023

याचिकाकर्ताओं ने नियंत्रक एवं महालेखा परीक्षक (सीएजी) की रिपोर्ट को आधार बनाकर जनहित याचिका दायर की है. इसमें कहा गया है कि सीएजी की रिपोर्ट के अनुसार बंगाल सरकार को आवंटित 2.29 लाख करोड़ रुपये का हिसाब नहीं मिल रहा है.

पश्चिम बंगाल सरकार पर केंद्र सरकार द्वारा आवंटित 2.29 लाख करोड़ रुपये के हेर-फेर का आरोप लगाते हुए कलकत्ता हाइकोर्ट में जनहित याचिका दायर की गयी है, जिस पर मंगलवार को कलकत्ता हाइकोर्ट के मुख्य न्यायाधीश प्रकाश श्रीवास्तव व न्यायाधीश राजर्षि भारद्वाज की खंडपीठ पर सुनवाई हुई. मुख्य न्यायाधीश प्रकाश श्रीवास्तव के नेतृत्व वाली खंडपीठ ने इस मामले में राज्य के वित्त सचिव व सीएजी को पक्षकार बनाने का निर्देश दिया.

30 जनवरी को होगी पीआईएल पर सुनवाई

याचिकाकर्ताओं ने नियंत्रक एवं महालेखा परीक्षक (सीएजी) की रिपोर्ट को आधार बनाकर जनहित याचिका दायर की है. इसमें कहा गया है कि सीएजी की रिपोर्ट के अनुसार बंगाल सरकार को आवंटित 2.29 लाख करोड़ रुपये का हिसाब नहीं मिल रहा है. चीफ जस्टिस ने कहा कि चूंकि यह मामला सीएजी की रिपोर्ट पर आधारित है, इसलिए उनका पक्ष भी सुनना जरूरी है. मामले की अगली सुनवाई 30 जनवरी को होगी.

जानें क्या है पूरा मामला

31 मार्च 2021 को कैग की रिपोर्ट के अनुसार, केंद्र सरकार की ओर से बंगाल में विभिन्न परियोजनाओं को भेजे गये करोड़ों रुपये का हिसाब नहीं मिल रहा है. पिछले कुछ वर्षों में केंद्र की ओर से राज्य को विभिन्न परियोजनाओं के लिए दिये गये रुपये में से 2,29,099 करोड़ रुपये का हिसाब नहीं मिल रहा है.

इन तीन विभागों में हुई है सबसे ज्यादा गड़बड़ी

याचिका में कहा गया है कि फंड का दुरुपयोग मुख्य रूप से राज्य सरकार के तीन विभागों पंचायत मामलों और ग्रामीण विकास विभाग, नगरपालिका मामलों और शहरी विकास विभाग और शिक्षा विभाग में हुआ है. याचिका के अनुसार, पंचायत मामलों और ग्रामीण विकास विभाग के मामले में लगभग 82,000 करोड़ रुपये, शिक्षा विभाग में लगभग 36,000 करोड़ रुपये और शहरी विकास व नगरपालिका मामलों के विभाग में लगभग 30,000 करोड़ रुपये का दुरुपयोग हुआ है.

सीबीआई जांच की मांग

याचिकाकर्ताओं ने कहा है कि राज्य सरकार के अन्य विभागों में भी केंद्रीय निधि के दुरुपयोग की रिपोर्ट है, लेकिन इन तीन विभागों में सबसे ज्यादा गड़बड़ी के संकेत मिले हैं. इस वित्तीय अनियमितता की सीबीआई जांच की मांग की गयी है. याचिका करने वालों ने हाईकोर्ट से अपील करते हुए कहा- कहा जाता है कि लोगों की भलाई के लिए भेजा गया पैसा लूट लिया गया है. इसलिए इसकी तुरंत जांच होनी चाहिए. https://www.prabhatkhabar.com/state/west-bengal/2-lakhs-29-thousand-crore-rupees-scam-in-bengal-calcutta-high-court-said-make-cag-and-state-finance-secretary-party-mtj

4. ममता सरकार पर 2 लाख 29 हजार करोड़ हेरफेर का आरोप, CAG को पार्टी बनाने का HC का आदेश *(agniban.com)* January 24, 2023

पश्चिम बंगाल में पिछले कुछ दिनों से विपक्ष विभिन्न केंद्रीय योजनाओं में राज्य की भूमिका पर सवाल उठा रहा है. राज्य के खिलाफ कलकत्ता उच्च न्यायालय में एक जनहित याचिका (PIL) दायर की गई है, जिसमें आरोप लगाया गया है कि राज्य में केंद्र के धन का गबन कर रहा है. मामले की सुनवाई मंगलवार को प्रधान न्यायाधीश की खंडपीठ में हुई. केंद्र से मिले 2 लाख 29 हजार करोड़ रुपए का कोई हिसाब नहीं रखने का आरोप लगाते हुए केस दर्ज किया गया है.

मुख्य न्यायाधीश प्रकाश श्रीवास्तव और न्यायमूर्ति राजर्षि भारद्वाज की खंडपीठ ने उस मामले में सीएजी (भारत के नियंत्रक और महालेखा परीक्षक) और राज्य के वित्त सचिव को शामिल करने का आदेश दिया. बीजेपी नेता जगन्नाथ चटर्जी ने कुछ हफ्ते पहले राज्य के खिलाफ यह मामला दर्ज कराया था. मुख्य शिकायत यह है कि राज्य के लोक निर्माण एवं शहरी विकास विभाग, शिक्षा विभाग और पंचायत विभाग को पैसा डायवर्ट किया गया है.

ममता सरकार पर सेंट्रल फंड में हेरफेर का लगा आरोप

कलकत्ता हाई कोर्ट में पिछले गुरुवार को मामला दायर किया गया था. अर्जी में कहा गया था कि 31 मार्च 2021 को कैग की रिपोर्ट के अनुसार केंद्र द्वारा बंगाल में विभिन्न परियोजनाओं को भेजे गए करोड़ों रुपए के खातों का मिलान नहीं हो रहा है. इस संबंध में वादकारियों ने कोर्ट को लेखा-

जोखा दिया और कहा कि पिछले कुछ वित्तीय वर्षों में विभिन्न परियोजनाओं के लिए केंद्र सर कार से राज्य सरकार को मिले धन में से 2 लाख 29 हजार करोड़ का हिसाब नहीं मिला है.

जनहित मामले में कैग की रिपोर्ट के आधार पर इस वित्तीय अनियमितता की सीबीआई जांच का अनुरोध किया गया था. आरोप लगाया गया था कि लोगों की भलाई के लिए भेजा गया पै सा लूट लिया गया है. इसलिए इसकी तुरंत जांच होनी चाहिए. मंगलवार को चीफ जस्टिस की बेंच ने कहा कि मामले की सुनवाई 30 जनवरी को हो सकती है.

सेंट्रल द्वारा भेजे गये पैसे अन्यत्र खर्च करने का लगा आरोप

इससे पहले राज्य विधानसभा में विपक्ष के नेता शुभेंदु अधिकारी भी राज्य को दिए गए केंद्र के पैसे को अन्य क्षेत्रों में खर्च करने को लेकर मुखर रहे थे. इस जनहित मामले में भी वाद कारियों ने कहा कि इस बेहिसाब धन में नगर पालिका और शहरी विकास विभाग के 30 हजा र करोड़ रुपये से अधिक शामिल हैं. केंद्र को पंचायत और ग्रामीण विकास योजनाओं के लिए दिए गए 81 हजार 839 करोड़ रुपए का हिसाब नहीं रखा गया. शिक्षा क्षेत्र में बेहिसाब धन की राशि 36 हजार करोड़ रुपए से अधिक है.

पंचायत चुनाव के पहले सेंट्रल फंड में गड़बड़ी को मुद्दा बना रही है बीजेपी

यह भी दावा किया गया है कि केंद्र द्वारा भेजे गए पैसे का किसी भी क्षेत्र में खर्च किए जाने का कोई रिकॉर्ड नहीं है. वादी का दावा है कि सीएजी की रिपोर्ट के आधार पर मुकदमा दर्ज किया गया है. तो कोर्ट ने सीएजी को पार्टी बनाने की बात कही है. यह ध्यान दिया जाना चा हिए कि राज्य आवास योजना को लेकर बार-बार शिकायतें आ रही हैं.

आवास ही नहीं, विभिन्न परियोजनाओं में क्या चल रहा है, इसकी जांच के लिए केंद्रीय प्रतिनिधि मंडल कई बार राज्य में आ चुका है. उन्होंने विभिन्न जिलों का दौरा किया है. जानकार सूत्रों के मुताबिक इस बार पंचायत चुनाव से पहले यह मामला काफी अहम है. इस मामले को ले

कर मेयर फिरहाद हाकिम ने दावा किया कि भाजपा इन सभी मामलों से कोर्ट की गरिमा को ठेस पहुंचा रही है. उन्होंने दावा किया कि इस तरह से कोई जनहित याचिका दायर नहीं की जा सकती है. https://www.agniban.com/mamta-government-accused-of-manipulation-of-2-lakh-29-thousand-crores-hc-orders-to-make-cag-a-party/

5. UDF approaches CAG over scams in Kozhikode Corporation *(thehindu.com)* January 24, 2023

Council party alleges political interference in the transfer of investigating officer in the building number scam

The United Democratic Front (UDF) council party of the Kozhikode Corporation has forwarded a complaint to the Comptroller and Auditor General (CAG) regarding the alleged financial frauds in the civic body over the past one year.

The development comes against the backdrop of the recent finding of the Local Fund Audit department that the Corporation had 13 bank accounts, the details of which were not shown in the Annual Finance Statement (AFS). The Audit department had held an investigation following embezzlement from the Corporation's accounts in the Punjab National Bank.

In the complaint to the CAG, UDF council party leader K.C. Shobhita and Deputy Leader K. Moideen Koya alleged that the Corporation had neglected the various objections cited by the Audit department and expressed suspicion on the budget and forecast made by the Corporation on the basis of the AFS. The complaint also highlighted the lack of proper asset register or stock register in the Corporation based on the Local fund Audit Report of 2020-21. The UDF alleged that demand registers of revenue items like property tax, rent, permit fees, and trade license fees were also not being maintained.

The UDF council party also alleged political interference in investigations into the building number scam and other irregularities, besides misappropriation and manipulation of data. "It is suspicious that the officer probing the building number scam has been transferred for the second time when the investigation was in progress," Ms. Shobhita said.

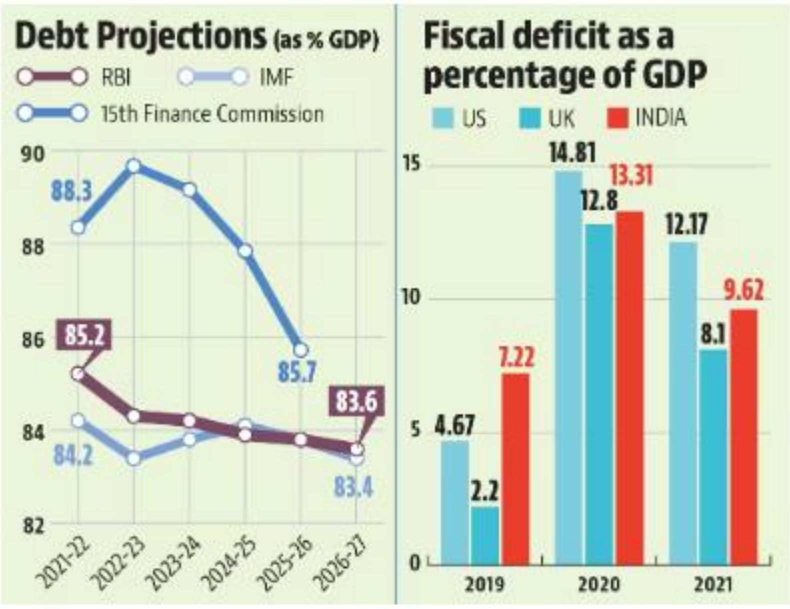
Meanwhile, the Corporation had clarified that the Kudumbashree accounts were never included in the AFS, and that it was not a fault on the part of the civic body. The Corporation maintained that the practice was followed throughout the State, and that the civic body prepared to change it if the State government ordered so. https://www.thehindu.com/news/cities/kozhikode/udf-approaches-cag-over-scams-in-kozhikode-corporation/article66428866.ece

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Budget needs a road map for reducing fiscal deficit *(hindustantimes.com)* Updated: January 24, 2023

As the Union Budget is around the corner, there has been a lot of discussion on the possible growth trajectory of the economy. There has also been concern about the persisting inflation levels, and global agencies have been revising their growth forecasts as and when new data on inflation are released. But an issue that has not been addressed sufficiently in discussions on growth is the trends in public debt. This, in our view, warrants attention in the forthcoming Budget, as the levels of public debt affect both output and prices, and can derail macroeconomic stability and growth.

The path along which public debt may evolve is based on real Gross Domestic Product (GDP) growth, inflation, interest rate and the primary deficit. The movement of these variables determines the threshold level of debt, beyond which it becomes a drag on GDP growth. The Reserve Bank of India (RBI), in its Report on Currency and Finance (April 2022), states that the "general government debt in India surged to 89.4% of GDP in 2020-21, significantly higher than the Fiscal Responsibility and Budget Management target of 60%, posing risks to medium-term macroeconomic stability." Further, RBI pointed out that "accumulation of general government debt up to a level of 66% of GDP, leads to an increase in GDP growth, beyond which it impacts growth adversely." Against this threshold limit of 66%, the debt projections of various agencies have shown an alarming rise in the medium-term.



Debt projections // fiscal deficit as a percentage of GDP.

Data shows that debt projections as a percentage of GDP, as estimated by RBI, the International Monetary Fund, and the 15th Finance Commission, all show similar trends; they predict that overall debt would exceed levels in excess of 80% even in 2025-26. But this was not always the case. In the pre-Covid-19 period, government debt was less than 80% of the GDP. For FY 2020, it was 74.1%, 70.4 % for FY 2019, 69.7 % for FY2018 and 68.9 % for FY 2017.

It is clear what has happened in the current situation. The response to Covid-19 across countries was to raise government expenditure at a time when revenues were falling. The net result was a substantial rise in the government fiscal deficit, which could be financed only with the support of the central banks. The fiscal deficit in the United States (US) tripled in 2020, over 2019. The United Kingdom (UK)'s fiscal deficit increased five times during the same period. The US Fed's assets which stood at $4.17 trillion on January 1, 2020, rose to $8.96 trillion in April 2022. This massive expansion in assets is the consequence of quantitative easing. Most central banks followed a similar path. A natural consequence is an unusual level of inflation, which we are witnessing, and a high debt-to-GDP ratio. The Indian situation is not different, even though the fiscal deficit increase was more moderate than in the UK or the US.

In a low-inflation scenario, monetary policy can help in debt consolidation by keeping interest low. But that choice is not open now. The burden of debt management falls squarely on fiscal policy. On the fiscal side, the situation is now a mixed bag. Regarding revenue mobilisation for the Centre, the Goods and Services Tax (GST) collections have been buoyant, and tax devolution could be performed without major hiccups. This gives the Centre some leeway in embarking on a fiscal deficit correction path. However, for the states, the end of the GST compensation period might pose some structural challenges, at least in some cases.

On the expenditure side, given the primacy of enhanced capital expenditure for reviving growth, it is important that both the Centre and state governments hasten capital spending. Bringing down the fiscal deficit, which is required for controlling debt, therefore, demands a careful look at revenue expenditures. In the medium-term, higher debt levels can be reduced only by accelerating the nominal GDP growth to around 11%-12% yearly. This will ensure revenue buoyancy to bring the fiscal deficits down.

In the final analysis, the debt-to-GDP ratio can be controlled only by reducing the fiscal deficit. The fiscal deficit of the Centre stood at 9.2% of GDP in 2020-21. It came down to 6.7% of GDP in 2021-22. It is likely to be 6.4% in the current year. These ratios are way above the norm of 3%. The Budget needs to spell out a new road map to reduce the fiscal deficit. Any sharp reduction may disrupt the economy. But a definitive trend towards lowering the fiscal deficit must be indicated. A deft debt-management strategy, coupled with the rationalisation of expenditure and raising resource mobilisation efforts, are key to the fiscal rebalancing needed to achieve a sustained high growth rate. The 2023-24 budget could provide signals to such a strategy, without reducing capital expenditure. https://www.hindustantimes.com/opinion/budget-needs-a-road-map-for-reducing-fiscal-deficit-101674569019919.html

7. Asset monetisation needs greater government push to realise potential *(moneycontrol.com)* Updated: January 24, 2023

The government could create a central body that could monitor the progress of monetisation of assets across industries, while also assisting ministries in identifying and addressing hurdles in undertaking the process Pranav Sayta & Shalini Mathur

Amidst a tumultuous global economic scenario where economies have been grappling with the after-effects of the pandemic, the geopolitical situation and high inflation and monetary policy pressures, India provides a relatively bright and stable spot for investors. A near 7 percent growth in such times is no small achievement. Going forward too, India has the potential to achieve a $10 trillion GDP size by 2035-36 (market exchange terms) and to be a $25-30 trillion economy by the end of its Amrit Kaal (2047-48). To achieve this potential growth, India will need to strengthen its growth enablers. Investments in infrastructure are a clear priority in this context.

Recognising the above, the last three budgets have seen a consistent focus on stepping up investments in infrastructure. Additionally, in Budget 2021, the government announced its vision and strategy for the monetisation of government assets with the objective to spur private investment in infrastructure creation. Asset monetisation, while retaining the ownership of underlying assets with the government, helps achieve two objectives. Firstly, it helps reduce public expenditure, which would otherwise have been undertaken in maintaining an asset.

Secondly, it allows the private sector to bring in efficiencies in operations and management of infrastructure.

The National Monetisation Pipeline (NMP) aims at an aggregate monetisation potential of Rs 6 trillion through core assets of the Union government, over a four-year period, from FY2022 to FY2025. The plan is to unlock the value of investments in brownfield public sector assets by tapping institutional and long-term capital through structured contractual partnerships as against privatisation or slump sale of assets. The top five sectors, by estimated value, which captured nearly 83 percent of the aggregate pipeline value are roads (27 percent) followed by railways (25 percent), power (15 percent), oil & gas pipelines (8 percent) and telecom (6 percent).

Makes Fiscal Sense

The monetisation of assets through NMP is indeed a welcome move that can help achieve multiple objectives. It helps in infrastructure creation, a priority area for the government given its multiplier effects such as generating employment, improving domestic demand, and developing the rural and semi-rural areas. At a time when the fiscal deficit is already stretched at 6.9 percent of GDP in FY22 and 6.4 percent in FY23, NMP can support fiscal consolidation by realising value from idle assets instead of incurring additional expenditures. For instance, had the asset monetisation exercise not been undertaken, the pressure on public expenditure could have increased the fiscal deficit from 6.7 percent to 7.1 percent of GDP in FY22.

NMP also allows an opportunity for debt reduction and improved performance of assets for various ministries. It can help attract higher foreign institutional investments in the country through vehicles such as infrastructure investment trusts (InvITs), which have gained popularity as a preferred infrastructure financing route.

The asset monetisation goal of Rs 880 billion for FY22 was surpassed by about Rs 81 billion, helped primarily by road, power, coal and mining assets. Media reports indicate that the Ministry of Road, Transport and Highways achieved monetisation worth Rs 230 billion, while the Ministry of Coal generated Rs 400 billion. The power ministry could achieve only Rs 95 billion of monetisation.

Soaring Ambition

Buoyed by the success in the first year, the government set an ambitious target of over Rs 1.62 trillion for FY23. The transactions undertaken/proposed include highway Toll-Operate-Transfer (TOT) bundles and InvITs futures, redevelopment of sports stadia, operational power generation & transmission assets, lease of airports and port trusts through PPP, development of silos and warehouses, and monetization of tower assets and mining assets. Media reports indicate that for the current fiscal, transactions of only Rs 334 billion have been completed under the NMP by December 2022, with a total of Rs 1.24 trillion expected to be achieved by end of this fiscal, leaving a shortfall of about Rs 382 billion against the target. Despite this expected shortfall, Rs 1.2 trillion, if achieved, would be a growth of nearly 22 percent in year-on-year monetisation. The robust, higher-than-budgeted tax collection in FY23 would cushion the fiscal impact of the NMP shortfall.

The NMP scheme is yet to realise its full potential as certain ministries still face challenges in implementing the monetisation plan. For instance, the Ministry of Railways and Department of Telecom have been unable to monetise assets in comparison to the given targets, either due to inadequate technical expertise or track record required of the private entities or lack of a successful commercial monetisation model which would work for their assets. In addition, the industry cites the lack of a clear sector-specific roadmap for monetisation as a major roadblock in the process. Also, the government's emphasis on the need to accord due priority to NMP and nudging PSUs to focus on this agenda more actively may provide the much-needed impetus for this initiative. Lastly, the industry believes that building trust in public-private partnerships (PPP) through better enforcement of contracts and improved transparency will encourage the private sector to participate more actively in the monetisation process.

Way Forward

To overcome such issues, the government could create a central body that could monitor the progress of monetisation of assets across industries, while also assisting various line ministries and departments in identifying and addressing hurdles in undertaking the process of monetisation. Reportedly, the government may explore linking budgetary support to states' infrastructure ministries with the performance of their asset monetisation.

The last two years have been very uncertain for both the government and the industry. Hopefully, the global challenges will somewhat ease in the next couple of years. This may enable the government to bring a renewed focus on the timely and efficient implementation of NMP. As the industry is already receptive to this scheme, monitoring the progress and providing support wherever there are regulatory roadblocks should considerably help to realize its full potential. https://www.moneycontrol.com/news/opinion/asset-monetisation-needs-greater-government-push-to-realise-potential-9929471.html

8. Stable tax regime needed to attain renewable energy goals *(telegraphindia.com)* Updated: January 25, 2023

Pursuant to the Paris Agreement, India has been unflinching in its commitment of increasing the share of Renewable Energy in its energy mix.

As of October 2022, India has achieved approximately 166 GW of installed RE, out of a targeted 175 GW.

India has been taking leaps to meet its target by measures such as issuing sovereign green bonds, allocation towards production-linked incentive schemes, deploying smart meters and increasing loan limits.

At the 2022 UNFCC Climate Change Summit (COP27), India has committed itself to achieve 50 per cent cumulative electric power installed capacity from non-fossil fuel energy by 2030. This is in addition to India's commitment at COP26 to bring non-fossil energy capacity to 500 GW by 2030.

To achieve the above, India has started re-defining its strategies such as:

(a) To tackle the annual issue of coal demand supply, India has identified 81 thermal units which will replace coal with RE by 2026.

(b) In December 2022, Rajya Sabha passed "The Energy Conservation Bill, 2022" empowering the carbon trading scheme. Budget 2023 is an important element to fuel India's RE vision since it will demonstrate how India will prepare its road map to achieve its RE targets. Some expected reforms:

Direct tax reforms

a) Consolidated group taxation regime: RE players are mandated under regulatory laws to have different companies for each project. To ease compliance burden, a regime for ‘‘single return for all projects’’ should be introduced, which will assist in off-setting of losses amongst different projects.

b) Deduction for capital intensive projects:RE should be included as a specified business under Section 35AD of the Income Tax Act (ITA) which will allow claiming deduction of capital expenditure against taxable income.

c) Beneficial tax treatment for RE Certificates: ITA provides beneficial tax rate of 10 per cent on sale of carbon credits approved under Kyoto Protocol. This benefit should be extended to sale of RECs (including voluntary emission reduction certificates).

d) Extend beneficial tax regime: Corporate income-tax rate of 15 per cent is available to companies who commence power generation by March 2024, which will not be available to new power projects. Hence, timeline should be extended for further five years, i.e., March 2029.

e) Extend beneficial tax rate on interest on foreign debt: For new projects, foreign investment is a key source of funding. Currently, interest paid on foreign debt is taxable at 5 per cent, subject to certain conditions such as payment of interest up to July 2023. To attract foreign investment, this benefit should be extended for further five years i.e., July 2028.

Indirect tax reforms

a) Grandfathering on purchase of solar equipment: From 1 April 2022, basic custom duty (‘BCD’) on import of solar modules was increased to 40 per cent. This has been a big setback for on-going projects because discoms have not yet agreed to revise tariff rates to accommodate the increased BCD cost. Thus, a grandfathering clause against applicability of 40 per cent BCD should be included for on-going projects.

b) Postpone application of 40 per cent BCD on solar equipment: Given the domestic manufacturing market for solar equipment is still developing, it is recommended that 40 per cent BCD on solar equipment is deferred for 2-3 years.

c) Rationalise GST on EPC contracts: GST rate on EPC contracts was increased to 13.8 per cent (12 per cent and 18 per cent GST applicable on a 70:30 ratio). Since the sale of electricity is exempt from GST, this increased GST cost is a hit to market players. Further, for wind projects the ratio of goods to service is typically 90:10 and not 70:30. Therefore, these rates should be rationalised.

d) Reduce GST on green hydrogen projects: All inorganic chemicals used for green hydrogen are subject to GST at 18 per cent, thus making green hydrogen less competitive. Since India is actively promoting green hydrogen, such rates should be rationalised.

Other reforms

a) Boost to green hydrogen: The world is moving towards ways to produce clean hydrogen. Introducing fiscal policies(such as subsidies/grants/R&D incentives) would prioritize green hydrogen and attract more investment.

b) Incentives for storage solutions: With growing RE, India will have to focus on sustainable energy storage solutions. Fiscal incentives should be introduced for innovating storage system solutions such as storing by converting RE to hydrogen, storing RE as synthetic fuel using power-to-fuel technology, using lithium-ion batteries and pumped hydro-energy storage.

To conclude, India's REtarget is already set for the next decade. We only hope that this Budget provides a renewed boost. https://www.telegraphindia.com/business/stable-tax-regime-needed-to-attain-renewable-energy-goals/cid/1911938

9. India plans to shift to solar, wind power by 2025; to save $19.5 billion a year: Study *(indianexpress.com)* Updated: January 25, 2023

India plans to add 76 gigawatts (GW) of utility-scale solar and wind power by 2025 which could save up to $19.5 billion a year (over 15 lakh crore) caused due to the burning of coal, according to the latest research by Global Energy Monitor.

Data by the Global Solar Power Tracker and the Global Wind Power Tracker rank India among the top seven countries globally in terms of prospective renewable power. This buildout can avoid the use of almost 78 million tonnes of coal annually, or roughly 32 GW in coal power plant capacity, which is more new coal capacity than the country has added since 2018, finds the report.

"Annual savings in India can skyrocket if the coal to clean switch matches the country's ambitions. India plans to add an additional 420 GW of wind and solar power by 2030, which would increase the annual savings from avoiding coal power to more than US $58 billion, with the total savings reaching $368 billion by 2030," it says.

According to the report, if India were to bring on line all of its planned utility-scale solar and wind projects it would cost roughly $51 billion. But with a $19.5 billion annual savings in direct fuel costs, India could pay for this in just two-and-a-half years, it adds.

Cost-effective and clean energy
If India were to bring on line all of its planned utility-scale solar and wind projects, it would cost roughly US$51 billion. But with a US$19.5 billion annual savings in direct fuel costs, India could recover this in just two-and-a-half years, a Global Energy Monitor report says. India accounts for 5 per cent of all prospective utility-scale solar power globally, trailing only China, the U.S. and Australia. It's placed 17th globally in prospective wind power capacity.

India accounts for five per cent of all prospective utility-scale solar power globally, trailing only China, the US, and Australia, while placing 17th globally in prospective wind power capacity.

"Save money, slash emissions – India's switch from coal to clean power is a win-win. A promising step towards meeting the country's net zero emissions target by 2070, India will be richer and cleaner by quitting coal. Costs for solar and wind power continue to plummet, and compared to volatile fossil fuel prices, renewable present a far better option for building new energy infrastructure," said Shradhey Prasad, project manager for the Global Wind Power Tracker.

China has the most prospective renewable power currently at 387,258 MW, followed by Australia, Brazil, the United States, Vietnam, Greece, South Korea, Taiwan, and Japan. https://indianexpress.com/article/india/india-to-shift-to-solar-wind-power-by-2025-8401469/lite/

10. Transactions of over Rs 12,000 crore by insurance companies under I-T department's lens: Report *(moneycontrol.com)* Updated: January 25, 2023

The commission paid by insurers to agents has come under tax lens as the income tax department is probing transactions worth over Rs 12,000 crore that could have been routed through shell companies, Economic Times reported.

This comes after the GST authorities had last year informed the regulator about these alleged shell companies being floated to route commissions to agents which is above the cap set by it.

Both life and non-life insurers are allegedly involved in these bogus payments to shell companies, the ET reported quoted a senior government official as saying.

"So, while nearly 15% was paid through legitimate channels, the extra amount was routed to firms and showed as marketing or advertising expenses. These companies raised fake invoices, and GST is the only law which treats a fake invoice as a document," the official told ET. https://www.moneycontrol.com/news/business/transactions-of-over-rs-12000-crore-by-insurance-companies-under-i-t-departments-lens-report-9931661.html

11. Boosters for resolution *(financialexpress.com)* 25 January 2023

The government's proposal to bring in a raft of changes to the seven-year-old Insolvency and Bankruptcy Code (IBC) should help untangle some of the knotty problems that have slowed down resolution plans after some early successes. That the Code needed an overhaul is evident from the fact that 64% of the roughly 2,000 ongoing cases have exceeded the stipulated resolution time of 270 days. Reason: the entire process got mired by delays in litigation as well as cases of judicial overreach.

The most recent example was the Supreme Court's judgment in the case of Vidarbha Industries Power vs Axis Bank. The July 2022 order opened a Pandora's Box by unsettling a long established practice of the adjudicating authority—the National Company Law Tribunal (NCLT)—admitting insolvency applications. Prior to the decision, the NCLT could admit applications from financial creditors on the basis of the existence of a debt and a default in its repayment. The July 2022 judgement, however, gave corporate debtors a window to delay initiation of the corporate insolvency resolution process (CIRP) under the IBC.

Among many other things, the changes proposed seek to neutralise the disruptive effect of the judgement by proposing a compulsory admission clause. A tribunal has to admit an insolvency application if default is established. This resolves confusion stemming from the Supreme Court order that allowed tribunals the discretion to reject applications. Creditors will also now have to weigh competing resolution plans through a special challenge mechanism. This aims to deter higher bids that come in late in the process and trigger litigation delays. In another significant decision that will go a long way in easing the process is that if a real estate developer has defaulted, only impacted projects can be pushed into insolvency, which allows the main company to continue work on its other projects. This will allow segregation of viable and distressed projects and contain the problem. However, it remains to be seen whether this would prompt developers to neglect affordable housing projects and direct available resources to high-value projects. The government has also proposed redesigning the Fast-Track Corporate Insolvency Resolution Process (FIRP) to keep it outside the judicial process to help in quicker disposal of the CIRP. Care will have to be taken to ensure that interests of stakeholders other than the financial creditors are duly protected within the IBC framework. Overall, the proposals are well-intended and should help in making the insolvency process more efficient. But there are a few issues that need careful examination for their wider implications. For example, the proposals have sought to bring about changes to the manner in which proceeds will be distributed. Creditors will receive proceeds up to the liquidation value of the company based on the existing waterfall mechanism used for liquidation under Section 53 of the IBC. All of the surplus will then be distributed among all creditors, based on a ratio of their unsatisfied claims. Many experts have said this proposal deviates from credit fundamentals and a well-accepted order of priority of security interests. There is another crucial issue that seems to have been ignored. Considering that significant discretion is proposed to be granted to the NCLT, the government will now have to focus on strengthening its woefully inadequate infrastructure that leads to delays and results in sub-optimal outcomes. The issue of speeding up the resolution process can't be done without addressing the issue of vacant benches or better-qualified adjudicators. https://www.financialexpress.com/opinion/boosters-for-resolution/2959182/

12. Centre spent Rs 3.43 trillion on free ration scheme *(financialexpress.com)* Updated: January 25, 2023

100 MT of grains distributed under the scheme

The Centre spent a total of Rs 3.43 trillion for the seven-phase implementation of Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) between April, 2020 and December 2022, as per provisional data.

This expenditure is against an earlier estimate of Rs 3.9 trillion for the free ration scheme, because off-take of grains by the states at 9.17 million tonne was 23% less than the initial estimate in the seventh phase (October-December, 2022) of the scheme. The expenses on PMGKAY's last phase were Rs 34,208 crore against an earlier estimate of Rs 44,762 crore.

The Centre has distributed more than 100 MT of foodgrains under the free ration scheme since its launch in April 2020 to reduce hardships of people during the Covid-19 pandemic.

The food ministry had informed states that lifting of foodgrain under the scheme would be allowed only till December 31, 2022. Last month, the Cabinet decided against extending the scheme.

According to estimates, against an allocation of 2.11 MT of wheat to be distributed under PMGKAY during Oct-December 2022, states have lifted 1.89 MT. In the case of rice, states have taken possession of 7.27 MT against an allocation of 9.89 MT.

The scheme has run continuously with several extensions, except between December 2020 and April 2021. The latest extension was for three months till December 31, 2022.

Under the free ration scheme, 5 kg foodgrains per person per month was provided to more than 800 million beneficiaries free, along with an equal quantity of highly subsidised foodgrains under National Food Security Act.

The government's food subsidy expenses in the current fiscal are likely to cross Rs 2.76 trillion, up 34% from the outlay at the beginning of the year.

The annual cost to the exchequer for providing free grain under NFSA is estimated at Rs 2 trillion for 2023-24, including the additional cost of around Rs 20,000 crore for making NFSA grain supply in 2023 totally free of cost to beneficiaries.

Meanwhile, FCI's wheat stock fell to 17.1 MT at the beginning of year, a six-year low. This is against the buffer of 13.8 MT. However, the current stock of 12.5 MT of rice along with 31.9 MT to be received from millers is far more than the buffer of 7.6 MT. https://www.financialexpress.com/economy/centre-spent-rs-3-43-trillion-on-free-ration-scheme/2959123/

13. To guarantee food security, a decentralised PDS is key *(hindustantimes.com)* 24 January 2023

The recent announcement of the Union government on free food grains to beneficiaries of the 2013 National Food Security Act (NFSA) is both ironic and politically savvy, especially in the context of the debate on freebies. While the Bharatiya Janata Party (BJP) voted in favour of NFSA, with many party leaders arguing for an even more expansive law, early into its term at the Centre, there were attempts to undermine the benefits of the public distribution system (PDS) and replace it with cash transfers. Since 2015, almost every Economic Survey has argued for a reduction in PDS coverage and an increase in the issue prices. The Shanta Kumar Committee (2015) also had similar recommendations.

Nevertheless, PDS has continued, and emerged as a lifesaver during Covid-19. There is a tacit acknowledgement of the crucial role being played by PDS in the government's repeated extension of the additional grains under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) until the end of December 2022, and then somewhat sweetening its withdrawal by making the existing legal entitlements under NFSA free for one year.

While there are political compulsions behind these moves, the economic agenda is clear. While seemingly making a progressive pronouncement, the government is moving towards a drastic reduction of food subsidies and taking attention away from the reduced procurement from farmers. The government is saving around ₹1.8 lakh crore, which was the additional expenditure on PMGKAY, and spending about ₹18,000 crore to give free grains under NFSA. While around 60 million tonnes of rice were procured in 2020-21 and 2021-22, the procurement in the Kharif marketing season for 2022-23 is around 36 million tonnes. Last year, wheat procurement was less than half of what it was in previous years. Official production figures do not show a fall of such scale — with market prices rising and no commensurate increase in minimum support price (MSP), the procurement has not kept pace with the needs of an expanded PDS this year.

This could have serious implications for the food security of many households. There are indications that the distress caused by unemployment continues, and is exacerbated by recent food inflation. In such a scenario, withdrawing the additional 5 kg being given for free under

PMGKAY may end up hurting many households. This is nowhere compensated by the remaining grains being given for free. The free grains under NFSA results in a saving of only ₹10 to ₹15 per month per beneficiary, whereas they would have to spend additionally around ₹125 per person per month to buy an equivalent amount from the market. Instead, the additional food grains must be continued for a longer period, for which procurement needs to be stepped up while also undertaking more substantial PDS reforms.

PDS can be an effective instrument towards ensuring food security. The existing procurement and distribution network can be expanded, strengthened and decentralised to include pulses and edible oils in the PDS basket. Pulses were distributed nationally during the first phase of PMGKAY in 2020, and several states include these in their PDS basket. They contribute to the protein and fat requirement and enable diversifying diets. This is important because most Indians have a cereal-heavy diet with insufficient consumption of foods from other food groups. Prices of pulses and oils have also been volatile in the last few years, partly due the import dependence, making their consumption uneven. Procuring them at assured prices for PDS could also contribute to increasing production and moving towards self-sufficiency. Similarly, including millet in PDS and diversifying school and anganwadi meals to include eggs, fruits, and other proteins could together aid in improving diets and nutritional outcomes.

Another issue facing PDS is coverage. While NFSA entitles 67% of the population to subsidised rations (75% in rural areas and 50% in urban), owing to the fact that the population figures of the 2011 Census continue to be used for calculating the number of beneficiaries, the coverage under NFSA is around 60% of the current population. This has also been pointed out to the Supreme Court (SC), which asked the government to consider using the population projections data of the ministry of health, rather than waiting for the next census. Using current population figures could add about 100 million beneficiaries to NFSA, Jean Dreze and Reetika Khera estimated. The government does not seem interested in addressing this issue, as is evident in its affidavit to the SC, where it has argued that PDS coverage needs to be reviewed as an increase in per capita incomes in the last 10 years indicates reduced need.

NFSA has taken the first step in protecting cereal security for many. Many states such as Bihar and Uttar Pradesh seem to have seen a major turnaround in PDS implementation due to the expansion in coverage, price reduction and other reforms by NFSA. It is time to further consolidate these gains and move towards food security for all by strengthening PDS. Rather than short-term announcements, tinkering with price and quantity, what is required is a longer-term vision where PDS is reformed, evaluating concerns related to nutrition, the environment and farmers' income. This would mean a more decentralised system where various crops are procured across the country.

A decentralised storage and distribution system can be worked out where local procurement is used where available, with a centralised agency coordinating the transfer of surplus to deficit areas. Other food distribution programmes, such as anganwadis and school midday meals, should also be part of this integrated planning. The debate on free grains and the attempts by the government to reduce the coverage are only diverting attention away from these substantial issues. https://www.hindustantimes.com/opinion/to-guarantee-food-security-a-decentralised-pds-is-key-101674565545107.html

14. Army to Get 130 Drones, 'Jet Pack Suit' Under Emergency Procurement *(ndtv.com)* 24 January 2023

The Indian Army has kick started the process to procure 130 new-age drone systems to bolster its overall surveillance and combat capabilities along sensitive border areas, officials said on Tuesday.
The tethered drones are being purchased under emergency procurement through a fast-track procedure under the 'buy-Indian' category, they said.

The tethered drone system consists of drones which are connected to a ground-based tether station and can provide surveillance of beyond the line of sight targets for prolonged periods.

The drones can also be launched in untethered mode for a certain duration to obtain additional information or confirm intelligence inputs, the officials said.

Each drone system will consist of two aerial vehicles with combined payloads, one man portable ground control station, one tether station and one remote video terminal among others, the officials said.

The last date of submission of the bid is February 14.

The Indian Army has been bolstering its overall surveillance apparatus along the nearly 3,500-km Line of Actual Control (LAC) with China following the eastern Ladakh border row that began in May 2020.

The Army has also issued a request for proposal (RFP) to procure 48 jet pack suits under emergency procurement through the fast track procedure (FTP) under the buy Indian category.

The jet pack suit is a device that propels the wearer through the air. The device uses gas or liquid to propel the user to fly.

The Army has also started the process to 100 'Robotic Mule' along with associated accessories. The last date of submission of the bid is February 6, the officials said. https://www.ndtv.com/india-news/army-to-get-130-drones-jet-pack-suit-under-emergency-procurement-3721144

15. Highway Toll Collection through FASTag Increases to Rs 50,855 Crore in 2022 With 46 Per Cent Growth *(swarajyamag.com)* 24 January 2023

The Electronic Toll Collection (ETC) through FASTag on fee plazas, including State Highway fee plazas during calendar year 2022 touched Rs 50,855 crore, with an increase of around 46 per cent as compared to Rs 34,778 crore in 2021.

If this growth continues India’s highway toll collection through just FASTags would cross Rs one lakh crore mark by 2024 end.

The average daily toll collection through FASTag on national highway toll plazas in December 2022 was Rs 134.44 crore, and the single day highest collection touched Rs 144.19 crore on 24 December 2022.

Similarly, the number of FASTag transactions also witnessed a growth of 48 per cent in 2022 as compared to that in 2021. The number of FASTag transactions in 2021 and 2022 were 219 crore and 324 crore respectively.

With 6.4 crore FASTags issued as on date, the total number of FASTag enabled fee plazas across the country also grew to 1,181 (including 323 State highway fee plazas) in 2022 from 922 in the previous year 2021.

Also, MoUs have been signed with 29 different state entities/authorities for on-boarding state fee plazas under FASTag program which include states like Uttar Pradesh, Maharashtra, Gujarat, Madhya Pradesh, Telangana and Karnataka, etc.

"FASTag implementation has reduced the waiting time at NH Fee Plazas significantly, resulting in enhanced user experience. The constant growth and adoption of FASTag by the highway users has helped in bringing more efficiency in toll operations," the Ministry of Road Transport and Highways said.

"Deployment of Electronic Toll Collection system at various fee plazas along National Highways has brought transparency in the system and enabled correct valuation of road assets which has encouraged more investors to invest in the highway infrastructure of the country, particularly, in asset recycling," it added. https://swarajyamag.com/infrastructure/highway-toll-collection-through-fastag-increases-to-rs-50855-crore-in-2022-with-46-per-cent-growth

16. Irregularities in housing project in West Bengal: Govt must take correctives *(indianexpress.com)* 25 January 2023

The Centre's flagship housing project, Pradhan Mantri Awas Yojana-Gramin (PMAY-G), aims to provide pucca houses to people in rural areas who are homeless or living in dilapidated houses. But in West Bengal, the scheme's primary purpose has become a casualty as the ruling Trinamool Congress cadres seem to be using PMAY-G for personal benefits. For more than a month, protests have been raging in several districts against ineligible people finding their way into the list of potential beneficiaries. Now an investigation by this newspaper has revealed that the impropriety began at the first tier of the process — at the block level. At Purba Bardhaman, North 24 Parganas and South 24 Parganas, among the districts affected by the protests, the name of a deputy pradhan of a TMC-ruled panchayat, a party core committee member, another party worker, who is also a panchayat member, figure in the list of beneficiaries, even though they own pucca houses.

Implementation of the PMAY scheme in West Bengal has been dogged by controversies since April last year when the Centre froze funds because the state government had rechristened the scheme as Banglar Awas Yojana. In November, it softened its stance and approved its share of Rs 8,200 crore — the funding for the scheme is split between the Centre and state in a 60:40 ratio. The resumption of funding came with a stern reminder to West Bengal to not deviate from due procedures. It asked the state government to ensure that districts form teams of special officers to investigate allegations of corruption. These warnings seemed to have been ignored. Protests erupted after the lists of beneficiaries were made public. In Murshidabad, 17 TMC panchayat members resigned fearing local resentment over the alleged irregularities. Unfortunately, instead of probing the matter, the party rejected these resignations.

The TMC has been dogged by allegations of graft and corruption, ever since it replaced the Left Front as the party holding office in West Bengal. After the 2019 Lok Sabha polls, the party supremo had admonished TMC members who were accused of taking bribes – cut money in the state's parlance — from people wanting to avail social welfare schemes. The Opposition took this as a tacit admission of the corrupt ways of TMC members. Protests broke out in several parts of the state with people demanding that TMC leaders return the cut money. A year later, after Cyclone Amphan ripped through West Bengal, an investigation by this newspaper revealed nepotism and political favouritism in the disbursal of relief funds. The party had issued show cause notices to at least 200 of its members. State government officials have assured that they will weed out the names of the ineligible from the PMAY-G lists. They must give the task the utmost urgency. More importantly, the TMC government must ensure that delivery of welfare is as per due process and not as patronage. https://indianexpress.com/article/opinion/editorials/irregularities-in-housing-project-are-yet-another-instance-of-corruption-in-west-bengal-government-must-take-correctives-8402531/

17. MGNREGA graft: Social audit finds irregularities worth Rs 54 lakh in Rajasthan *(downtoearth.org.in)* 24 January 2023

Corruption was unearthed in 2022 after the workers from Mazdoor Kisan Shakti Sangathan in Barmer reported the issue to the Rajasthan government

Irregularities worth over Rs 54 lakh have been found in various works carried out under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Rajasthan, according to a social audit report accessed by Down To Earth.

The corruption was unearthed in 2022 after the workers from Mazdoor Kisan Shakti Sangathan (MKSS) in Barmer reported the issue to the Rajasthan government, who then initiated a social audit. The workers were employed in projects for building crematoriums and water tanks.

DTE managed to get a copy of the report from Barmer-based social activist Anita Soni. The work that began in previous financial years under the MGNREGA was riddled with inconsistencies, said Soni.

"Workers initially reported that the quantity of cement bags or other construction material received was far less than what was sanctioned by the block resource person, the official responsible to supervise the work," she told Down To Earth.

Soni said the workers from MKSS approached the state government through a written complaint, after which the officials took note of the situation.

In May and August, 2022, the officials conducted social audits of the various works sanctioned in villages such as Aarang, Balai, Bariyada, Balasar and Aakali in Shiv Gram Panchayat. Enquiries were also conducted in Chauhatan Gram Panchayat comprising villages — Aakoda, Aarbi, Gafan, Aantia, Bavadi Kalla and Bachdau, she said.

The week-long audit revealed irregularities at multiple levels. The government approved funds worth Rs 15.57 lakh for road construction in Balai village, but only Rs 4.26 lakh were received by the Gram Panchayat, the report indicated.

"It was found that the majority of the work was done by hiring an earth mover to save money and the signages and other necessary items were missing," the report stated.

In another instance, Rs 19.06 lakh was sanctioned for a playground development project at Ishwarsingh ki Dhani. However, only funds worth Rs 4.25 lakh were received by the Gram Panchayat. In place of the playground, the social audit team couldn't find anything other than a pit measuring 10x8 feet.

A bribe of Rs 5,000 was also given to a government official in Bijauli, the audit noted. Soni said the discrepancies were found in 11 places and they amounted to Rs 54,21,982.

The rural development department of the Rajasthan government, September 16, 2022, issued an order to recover the amount from the concerned persons. https://www.downtoearth.org.in/news/governance/mgnrega-graft-social-audit-finds-irregularities-worth-rs-54-lakh-in-rajasthan-87306

18. CBI begins probe into fund misappropriation in Hindi Prachar *(timesofindia.indiatimes.com)* Jan 25, 2023

Chennai: CBI, Bengaluru unit, has begun its probe into financial irregularities in the Dakshin Bharat Hindi Prachar Sabha (DBHPS), Dharwad in Karnataka to the tune of 5.79 crore, based on an inquiry report submitted by CBI, Madurai unit.

The vigilance section of the Union education ministry lodged a complaint to CBI in December, 2021, about the financial irregularities in DBHPS in Chennai, Dharwad and other branches and DSP Dhandapani of Madurai CBI unit was ordered to inquire about the allegations.

DBHPS is headquartered in Chennai and has regional headquarters in Trichy, Hyderabad, Dharwad and Ernakulam. There are 14 branches located in Cuddalore, Neyveli, Puducherry, Coimbatore, Salem, Vellore, Ooty, Karaikal, Thoothukudi, Nagercoil, Madurai, Karur, Thanjavur and Hyderabad.

The preliminary inquiry revealed misappropriation of funds in DBHPS, Dharwad from 2004 to 2017 when R F Niralkatti and his son Shivayogi R Niralkatti were presidents of the institution. After Niralkatti passed away, his son took over. The name of the Institution was misused by Niralkatti to promote his financial interest by running courses other than promoting Hindi. Based on the report, CBI Bengaluru unit has registered a case and initiated the investigation. https://timesofindia.indiatimes.com/city/chennai/cbi-begins-probe-into-fund-misappropriation-in-hindi-prachar-sabha/articleshow/97295320.cms