NEWS ITEMS ON CAG/ AUDIT REPORTS (26.01.203 to 27.01.2023)

1. Missing sites, unsatisfactory upkeep: List of centrally protected monuments needs trimming, says report *(indiatoday.in)* Updated: Jan 26, 2023

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A report by the Economic Advisory Council (EAC) to the Prime Minister has found the country's list of centrally protected monuments to be bloated and in urgent need of streamlining.

India currently has 3,693 monuments of national importance (MNI), and their protection and upkeep is the responsibility of the Archaeological Survey of India, under the Ministry of Culture.

The report titled 'Monuments of National Importance: The Urgent Need for Rationalization' drawn up by the EAC states that the existing list of MNI has not been reviewed since Independence, and has become "unwieldy" due to the inclusion of minor colonial structures or monuments that are not of national significance.

"A large number of MNI seem not to have national importance or historical or cultural significance. Our analysis estimates that around a quarter of the current list of 3,695 MNI may not have 'national importance' per se," says the report.

For instance, around 75 graves and cemeteries of British officers and soldiers that have neither architectural significance nor historical or cultural importance are on the list.

It also includes several moveable artefacts like pieces of sculpture, statues, cannons etc which are being treated as monuments.

MISSING MONUMENTS

Moreover, as many as 24 "untraceable" monuments are still being considered as MNI, according to the report. It cited a 2013 audit by the Comptroller and Auditor General, which declared 92 monuments as "missing" after a first-of-its-kind physical verification exercise undertaken after Independence.

The report noted that ASI later "traced/identified 42 monuments that physically existed". Of this, 14 were affected due to urbanisation and 12 submerged under reservoir dams. The remaining 24 monuments and sites still remain untraceable.

In one curious case, the colonial-era statue of a British Brigadier which was exported to northern Ireland in 1958 still remains on the list of MNI, despite not being in the country for the last six decades.

INADEQUATE FUNDS FOR UPKEEP

As a result of this bloated list, the funds allocated for the upkeep and maintenance of many of these centrally protected monuments are inadequate and geographically skewed.

“India’s expenditure on monuments of national importance is woefully little and inadequate. Even the little amount spent needs to be better utilised for proper upkeep of monumentsâ€¦ In 2019-20 the budgetary allocation for ‘conservation, preservation and environmental development of 3695 MNI was only Rs 428 crore. This works out to a paltry sum of Rs 11 lakh per MNI,” the report states.

Additionally, there is imbalance in the state-wise distribution of funds: In 2019-20, Delhi, which has 173 MNI, received the lion’s share of Rs 18.5 crore; on the other hand, Uttar Pradesh with 745 monuments was allocated just Rs 15.95 crore.

This imbalance is further compounded by the fact that the revenue collected at MNI through ticketing, photography, filming etc does not go to the ASI or the Ministry of Culture. The report also pointed out that the government has failed to come up with alternate ways to generate revenue in the long term.

WHAT’S TO BLAME?

The current problem plaguing the identification and preservation of monuments of national importance lies in the Ancient Monuments and Archaeological Sites and Remains Act (AMASR Act), 1958, says the report.

The AMASR Act provides for the declaration and conservation of ancient and historical monuments and archaeological sites and remains of national importance. However, the Act does not define what a monument of national importance is, nor does it have a substantive process or criteria prescribed for identifying one.

Notably, of the existing 3,695 monuments of national importance, 2,584 were shifted en masse from a colonial-era list. Additionally, between 1947 and the passing of the AMASR Act 1958, another 736 monuments were added to the list. The 1958 Act then declared all of them to be of national importance without reviewing the list.

To date, the list of MNI has not been subjected to any serious scrutiny. This is one of the important reasons for the present skewed and unwieldy list, according to the report.

WHAT’S TO BE DONE?

The report recommended ASI to come up with substantive criteria and a detailed procedure for declaring monuments to be of national importance. It also called on the Centre to denotify untraceable monuments and hand over the preservation of monuments of local importance to states.

Standalone antiquities should be removed from the list of monuments of national importance. Wherever possible, they may be shifted to museums for better upkeep, it said.

Allocation of funds for the preservation of MNI should be increased, while ASI should retain the proceeds generated from revenue streams like tickets, events, fees and other sources, the report suggested. https://www.indiatoday.in/india/story/missing-sites-unsatisfactory-upkeep-monuments-national-importance-list-needs-trimming-asi-pmo-report-2326681-2023-01-26

2. How State Family Database Projects Pose Dangers Of In-Depth Citizen Profiling And Exclusion? *(medianama.com)* Updated: Jan 26, 2023

These databases aim to be a "single source of truth" by having a complete profile of all residents ready with the government

"The government has now reduced the idea of data and of governance to knowing everything about the people. They are saying that if the state has to give anything to a people, the people have to be willing to give it a lot. This is a process by which the inversion has started happening, where people don't need to know the state, but the state needs to know the people. And this is the battle that was fought in the court in the UIDAI (Aadhaar) matter," says Usha Ramanathan, independent law researcher on poverty and technology, commenting on the State Family Database (SFDB) project of Tamil Nadu, Haryana, Maharashtra and several other states.

The Tamil Nadu e-Governance Agency (TNeGA) floated a second tender in December 2022 for implementation and maintenance of a Master Data Management and de-duplication tool for SFDB. The objective is to assign the 'Makkal ID'— a unique identification number already allotted to the state's seven crore residents— to different records across departments.

The SFDB is projected to be the "single source of truth" of all state residents by merging information of an individual across all government departments, from education, health and vehicle ownership details to land records, income and community details among a host of other personal data. This information, including that of births, deaths and marriages, will also be used to identify a resident's relationship with other members in their family.

Similarly, in April 2022 the Maharashtra government had floated a tender for creation of a "data integration and data exchange platform" called the Maharashtra Unified Citizen Data Hub, which will be used to assign a unique ID for every citizen. The unified database will provide a 'golden record' of citizens bringing together information from over 56 databases across 377 government bodies giving insights into a person's name, Aadhaar, caste, education, bank, property, and employment details among others.

In addition to Tamil Nadu and Maharashtra, Haryana and Uttar Pradesh have their own family ID card schemes called the Parivar Pehchan Patra and Parivar Kalyan Card. Andhra Pradesh's Praja Sadhikara Survey or the Smart Pulse Survey conducted in 2016 aims to achieve real-time governance by digitising socio-economic data of every resident through village volunteers. Similarly, Telangana's Samagra Kutumba Survey was completed back in 2014 to create a master database of every household in the state. Rajasthan, under the Bhamashah Act maintains a Bhamashah Resident Data Hub of families residing in the state for 'efficiency and transparency' in delivering welfare benefits.

The Jammu & Kashmir administration is also planning to create a database of all families permanently residing in the Union Territory by allotting them an eight-digit Unique Alpha Numeric Code, which will be used to determine the eligibility of residents for availing social welfare facilities through "automatic selection of beneficiaries for receiving social benefits".

As these massive data-collection, linkage and integration projects take shape in several states with many taking the same course, we attempt to take a look into why are states keen to create these centralised family databases, when did it all really begin and how these exercises can harm citizens' rights.

Why are states undertaking these projects?

While states are experimenting with the idea of creating SFDB currently, the concept is not new. Just as experts point out, it stems from another e-governance project, the State Resident Data Hubs (SRDH), undertaken by several states before the 2018 Aadhaar judgment. The SRDH, a state-level repository of Unique Identification Authority of India (UIDAI) data of residents along with demographic information and photo, was also aimed at creating 360-degree profiles of citizens representing again, a "single source of truth".

States such as Odisha, Tamil Nadu, Delhi, Andhra Pradesh, Madhya Pradesh and Haryana had created their own SRDH, which an analysis by Anand Venkatanarayanan shows, contained "maximum information about residents, with no restrictions on usage and questionable legal protection". These already existing state databases, after the Supreme Court struck down section 57 of the Aadhaar Act in 2018, were further leveraged to develop Enterprise Architecture projects by some states such as Punjab and Meghalaya.

Though they go by different names, experts say these projects are built on the fundamental concept of creating centralised databases for digital governance. These projects are focussed on building tools for data standardization essentially emphasise on "real-time governance" and "predictive governance" as the ultimate goal. This is also an essential feature of the family databases which will also be tracking births, deaths and marriages in a family by linking these certificates for automatic updation.

To add to it, the Economic Survey of 2018-2019 had pitched the creation of a 'Central Welfare Database of Citizens' by merging databases from different ministries. Srinivas Kodali, researcher, Free Software Movement of India, explains that these governance databases are further connected to the Centre's India Digital Ecosystem Architecture project which outlines grand ambitions of providing "one government experience to citizens and businesses" in a digital ecosystem.

Reading between the lines: How specific groups may be harmed

Most of these centralised database projects come with a promise of maximum governance and end-to-end delivery of services as the ultimate goal, but experts say there are other ways in which this resource can be used.

The Tamil Nadu government, through SFBD, envisions providing a "data driven decision support infrastructure for improving Governance by aiding planning, implementation and execution of government schemes and programs". "It will complement the existing Department infrastructure by enabling data harmonization and synchronization among various departments to ensure transparent and seamless service delivery to citizens," the state tender adds. The objectives stated in the tender include ensuring effective service delivery, greater accountability of government departments, GIS integration of data driven governance and providing Aadhaar authentication to various department applications to ensure the benefit reaches eligible beneficiaries among others.

Srikanth L, a public interest technologist, observes it is crucial to understand the unstated or understated objectives of this project design, which could directly benefit the state in the long term. While 'efficient governance' seems to be the stated objective, regardless of whether it is achieved or not, the government has got its hands on a lot of granular data about every resident.

In addition to cutting government expenses by removing duplicate beneficiaries in a scheme, access to this in-depth information will also enable them to determine the outlines for policy-making in future. For example, defining income criteria for economically weaker sections of the population through the means of algorithms. These systems, he says, will then replace the deliberations between politicians and bureaucrats over defining target groups for these schemes and policies on the basis of ad-hoc criteria.

"A policymaker could actually say that this is the budget I'm having now, give me a criteria which will fit this budget. You have algorithms, you generate criteria and give them and that criteria would kind of go into a policy or a benefit or whatever," he adds.

In the near future, access to these cross-sectoral databases will empower the government with a much clearer and categorised list of information on an individual's education, health, income level, savings, property and tax-paying behaviour. This, Srikanth notes, can also enable further segregation on the basis of religious and caste groups with district-level categorisation being the next layer of information, thereby benefiting one set of people and directly harming the other. The fact that this will essentially be decided by the political masters based on what suits them, is what he explains is the desired aim here and an "understated objective".

What are the harms?
Privacy infringement without legal backing

It is important to note that the states are undertaking SFDB projects to integrate databases across government departments without the notification of a specific law. While the Rajasthan government enacted the Bhamashah Act in 2017, experts say that the legality of the current state family database projects is questionable.

"If you collect data, you collect data to profile your residents, there's certainly the right of privacy engaged. Once that is the case, the requirement of law becomes absolutely indispensable. The fact that all of these exercises have been carried out without the backing of a law itself falls short of the first test of privacy," says Prasanna S, a Delhi-based lawyer who had assisted petitioners challenging the Aadhaar Act 2016.

Experts highlight that any data collection exercise leading to in-depth profiling of citizens, and conducted in the absence of the law is a direct violation of fundamental right to privacy. The fact that there is no defined law detailing such linking of databases fails the first requirement under the three-fold test of legality, legitimacy and proportionality for any restriction of right to privacy laid out by the Supreme Court in the Justice K.S Puttaswamy v Union of India 2017.

"The law is a critical piece there. Because the law will then tell you what purposes you can use it for, to what extent the data can be collected and retained and what you cannot use it for. Otherwise, it's a database that the state can use for any purpose it wants," Prasanna adds.

While the state governments say the objective to merge databases is digital governance, there is no transparency over how it is going to be done and how data-sharing can take place. According to Ramanathan and Kodali, the move to merge databases of different government departments and create "golden record" or "master databases" amounts to 360-degree profiling of residents, which in effect is a clear case of infringement of people's right to privacy. Kodali stresses that this concept stems from the already existing idea of SRDHs, a matter that remained largely unaddressed by the Supreme Court during the Aadhaar trial in 2018.

Further, citizens have no means to find out to what extent and where their data is being used, shared and whether they have the rights to erasure of this data. Additionally, in the absence of a data protection law, there is no clarity over how consent management and data-sharing will work with respect to SFDB. In 2021, MediaNama had reported that of the seven crore beneficiaries in Tamil Nadu's PDS database, the 8-digit Makkal number or unique identification number of over six crore people was exposed to a massive data breach. The Makkal number is an important component of the state's SFDB. In the absence of a data protection law, instances like these raise doubts about how people's privacy can be assured under such projects.

Surveillance and data security vulnerabilities

"This is not just a surveillance state, it is a state that wants to track you at every stage," says Ramanathan commenting on the nature of 360-degree databases providing cross-departmental information on every aspect of an individual's life, from birth to death. She further highlights that the state's imagination that governance is synonymous to collecting granular data of residents and allowing it to be shared wherever it deems fit exposes citizens to the risks of surveillance and cyber attacks by hackers, national as well international.

The condition laid up on citizens to choose between privacy and welfare was the crux of the arguments during the Aadhaar trial in 2018. To the petitioners stating Aadhaar violated people's right to privacy, specifically their right to live with dignity, the SC majority opinion maintained that Aadhaar does not violate an individual's right to privacy as it enables disadvantaged sections to live a dignified life by assuring better access to state benefits and subsidies.

However, Justice DY Chandrachud, in his dissenting opinion, expressed fears that this could pave the way for a surveillance state allowing extensive profiling of citizens by the government as well as by private firms. He also highlighted how Aadhaar, if seeded into every database, becomes a bridge between different "data silos" and if this database is compromised, it will allow anyone with access to the information to "re-construct a profile of an individual's life". This, he stated, "is contrary to the right to privacy and poses severe threats due to potential surveillance".

Experts view the existing SRDHs and upcoming SFDBs, as a step towards this direction; an attempt to break down these silos and create a single source of truth, thereby opening avenues for exploitation of people's information in the name of e-governance, policy making as well as maintaining law and order.

Talking about the cybersecurity risks involved, Ramanathan says one needs to revisit the government's promises of data security during the implementation of the Aadhaar project. The Comptroller and Auditor General of India in its April 2022 report on functioning of the UIDAI flagged significant security concerns with Aadhaar. Among the other issues discussed, the UIDAI had not been able to ensure whether the entities collecting and storing of Aadhaar data had built Aadhaar Vaults, which are mandatory and primary provisions for data safety under the Aadhaar Act.

In the Tamil Nadu tender, the TNeGA states that the technical resources required for implementation of the project must be deployed at its premises and the members "should undergo suitable training in relation to security aspects of the project, and maintain the confidentiality of data”. The TNeGA will be reviewing and monitoring activities of the bidder. The Maharashtra government tender calls for the bidder to provide Security Operation Centre and vulnerability management services to protect personal data, along with financial data from unauthorised access.A lot of these security aspects laid out in the tender are also based on the cybersecurity guidelines laid out by CERT-In.

However, it is important to note in the recent past, we have only seen a surge in cybersecurity breaches and ransomware attacks on government databases. Further, The Economic Survey of 2018-2019 had stated that the government can sell select citizens data to private companies and data analytics firms for commercial use and generating insights. The survey pointed out that, “In thinking about data as a public good, care must also be taken to not impose the elite’s preference of privacy on the poor, who care for a better quality of living the most”, MediaNama had reported. Under such circumstances, there is little to no clarity over how governments can ensure safety of people’s personal information.

A direct hit on democracy

When the government has access to all information about an individual’s existence, profiling them becomes easier. It is not an unexplored concern that this data can then be used for electioneering purposes. Experts that MediaNama spoke to for this story derived inferences from the Cambridge Analytica revelations four years ago , which demonstrated how huge amounts of online profiles of citizens can be used by political parties for targeted election campaigning and voter manipulation.

An India Today investigation in 2018 revealed how local political consultancies in New Delhi had their hands on voter information, including Aadhaar, PAN and income data, which was then used for making all kinds of election promises through targeted communication to influence the individual’s voting behaviour. With the upcoming remote voting project, regional parties have already raised concerns of how big parties can monopolise their control over polling booths.

Further, the attempts to ‘purify’ electoral rolls, push for the linking of voter ID and Aadhaar and seeding such information with state-level databases are not really new. In 2019, the Election Commission of India (ECI) suo-motu deleted nearly 55 lakh entries from electoral rolls in Andhra Pradesh and Telangana without following mandatory door-to-door verification process. Kodali, who is fighting the case in Supreme Court, through his petition stated that the voter data was also seeded with the SRDH, the state’s own Aadhaar repository. This is a prime example of how databases are being accessed by governments to interfere with people’s right to vote and carry out voter profiling.

“There’s a lot of privacy violations, which will have its effects on society and democracy, because people are being denied welfare. People are being further targeted by political parties for electioneering purposes. It’s changing the way governance, politics works in the country. It’s being abused, rather weaponized,” he adds.

Moreover, instances of electoral frauds exposing booth-level data to unauthorised agencies have also raised alarms in the past. Srikanth explains that “when such booth-level data is juxtaposed with this (SFDB) kind of granular socio-economic data, which covers for people who are not even on social media, it becomes to accurately predict or reverse predict an individual’s voting choice or political inclination with “reasonable confidence”.

While the Cambridge Analytica case shows us how social media profiles can be exploited to decipher political choices, he stresses on how state family databases and polling data can potentially be used to determine a voter's choice. And this will be regardless of the fact that they are on social media or whether they have expressed their political choices on social media or not.

Is this really 'inclusive governance'?

According to Kodali, the family database projects enable governments to use such information to determine a citizen's truth, whereas the facts and the citizen's version of truth might vary from that of the government. In simple words, the government can now decide, based on their assessment of the data obtained, whether a person belongs to the economically weaker section or not, is poor or not or whether they deserve certain welfare benefits or not.

Further, political interests in a region will also determine who the ruling party is likely to not account for while deploying welfare schemes and programmes. As discussed above, with access to voter data and other demographics of citizens in a database, it is not incorrect to say that this information will be used by local politicians to only address the needs of the constituency that voted for them, ultimately leading to exclusion of some other groups and communities from welfare.

In addition to this, it is well-documented in the case of the Aadhaar how due to lack of digital literacy, financial and material resources people continue to face exclusion and feel cheated by technological solutions without human intervention. In Haryana, errors in the Parivar Pehchan Patra have already led to the deletion of people's names from the BPL list and people were unable to avail benefits of the ration card. An exercise which was meant to ease people's difficulties, Ramanathan says, only opens up more challenges for them, adding to their burden even for the most basic need for ration.

Prasanna S is of the view that these projects are undertaken under the presumption that there are more beneficiaries than there ought to be and that some are gaining benefits when they are not entitled to it. However, nobody has tested to what extent this assumption is correct. "But the assumption is just that there is a scope for making it more efficient. When that is the case, then you are always going to end up with deletion of a few people..some of it will be wrong, while some right. There will always be false positives and false negatives in the system."

When it comes to SFDB databases, Prasanna questions whether the state can make ethical considerations while looking at the aggregate data. He explains, "So in aggregate they'll say that yes, at the end of the day, only less than 0.5 percent of people got excluded. But, what do you do for that 0.5 percent? And those who have been able to demonstrate that they are wrongly excluded, what is the state's liability towards them? Unless you answer that question, you should not be allowed to do this kind of thing."

A blind trust in 'techno-utopia' of data extraction?

It is a recurring stance among experts studying the intersection of technology and policy that the state must be able to understand the limitations of technology when it comes to policy making. Currently, they believe the states are blindly giving in to 'techno-utopia', wherein governance is entirely dependent on extraction of more and more people's data.

Ramanathan believes these projects are being carried out without testing what happens with people, especially to those who already face vulnerabilities of being poor. Instead of incentivising a state culture where databasing itself becomes a state function, the state must use technology to aid in its functions.

Amidst unaddressed issues relating to digital inequity, access to the digital infrastructure, impoverishment and uncertainties that plague technological interventions, the government's obsession with data-driven policy-making raises serious concerns. As state governments continue to fall for Centre's grand digital enterprise plans without assessing situations on-ground, experts believe, such projects have larger implications on the federal structure of governance too.

According to Prasanna S, "Certainly, in the last ten years or so, we've seen a completely lacklustre bureaucracy which have absolutely no imagination of creative solutions beyond databases. And then you don't even know the size of the problems and finally you build a solution, you don't know whether it solves the problem or not. We need to keep reminding the state that databasing is not a state function at all. You use databases in aid of a legitimate function that you have. You cannot just build databases and then figure out the functions." https://www.medianama.com/2023/01/223-how-state-family-database-projects-pose-dangers-of-in-depth-citizen-profiling-and-exclusion/

3. Budget 2023: क्या भारत के 'अमीर' किसानों पर टैक्स लगाने का आ गया समय? *(hindi.moneycontrol.com)* Updated: Jan 26, 2023

Budget 2023: खास तौर पर बजट से पहले कृषि आय पर टैक्स लगाने का मुद्दा उठता रहता है। इसकी मुख्य वजह यह है कि अमीर और कॉर्पोरेट्स भी कर से बचने के लिए अपनी इनकम को कृषि आय के रूप में दिखाते रहे हैं। कई नर्सरियों, सीड कंपनियों और कॉन्ट्रैक्ट फार्मिंग कंपनियों से जुड़े इनकम पर टैक्स छूट के दावे भी सामने आए हैं

Budget 2023: कृषि आय पर टैक्सलगाने का मुद्दा अक्सर उठता रहता है। इसकी मुख्यवजह यह है कि अमीर और कॉर्पोरेट्स भी कर से बचने के लिए अपनी इनकम को कृषि आय के रूप में दिखाते रहे हैं। साथ ही नर्सरियों,यों सीड कंपनियों और कॉन्ट्रैक्ट फार्मिंग कंपनियों के द्वारा ऐसी गतिविधियों से हुई इनकम पर छूट के दावे करने के मामले भी सामने आए हैं। कृषि आय (agricultural income) पर टैक्सलगाने के पीछे तर्क अमीरों पर टैक्सलगाने जैसा ही है कि यह टैक्सप्रगतिशील है और इससे ग्रा मीण असमानता को कम करने में मदद मिल सकती है।

उदाहरण के लिए, 45 फीसदी भूमि अभी भी गैर-छोटे किसानों के पास है जो कुल किसान परिवारों का केवल 15 फीसदी हैं। पंजाब में, छोटे और सीमांत किसान रिवर्स टेनेंसी के कारण कुल कृषि भूमि के 10 फीसदी से भी कम पर काम करते हैं। छोटे और सीमांत किसान कुल कृषि परिवारों के एक-

तिहाई से थोड़े कम हैं। ऐसे कर से समानता को बढ़ावा मिल सकता है। लैंडहोल्डिंग का मान क You May Like
Ketto मेरा बेटा अपनी जिंदगी के लिए लड रहा है, मैं उसे नहीं बचा सकता है।

लैंडहोल्डिंग का मानक

अक्सर तर्क दिया जाता है कि ज्यादातर किसान छोटे और कमजोर हैं। फिलहाल 2.5 लाख रुपये तक की आय कर मुक्त है, इसलिए ज्यादातर किसान कर के दायरे में नहीं आते हैं। यह अलग बात है कि भूमि जोत पर आयकर का आधार सही नहीं है,क्योंकिक्यों भूमि का आकार आवश्यक रूप से कृषि आय के अनुरूप नहीं होता है। कृषि गतिविधियों के अलग-अलग संदर्भ हैं, जैसे कि सिंचित और शुष्कभूमि और लैंड सीलिंग अधिनियमों के तहत राज्यों में स्वामित्व वाली भूमि की अलग-अलग सीमाएं होती हैं।

इसके अलावा, पूरे भारत में कृषि आय कम है, किसान कर्ज से डूबे हैं और कुछ इलाकों में सुसाइड तक हुए हैं। केंद्र और राज्य सरकारें डायरेक्ट बेनिफिट ट्रां सफर दे रही हैं तो कृषि आय पर टैक्सकी बात करना फिजूल है। हालांकि, पीएम किसान (PM Kisan) जैसी नीतियों का समानता से कोई मतलब नहीं है। इसलिए इसका कोई औचित्य नहीं बनता है।

टैक्स नहीं लगने की एक वजह राजनीति

ऐसा भी लगता है कि कृषि क्षेत्र से जुड़ी राजनीति के चलते भी किसानों पर इनकम टैक्सनहीं लगा। एक कारण ताकतवर बड़े और मझोले किसानों की लॉबी भी एक वजह रही है। यह देखना दुखद है कि बड़े-बड़े खेतों के मालिक और भारी उपज के बावजूद सब्सिडी और सरकारी खरीद का फायदा उठाने वाले किसान भी इनकम टैक्सनहीं देते हैं।

कृषि आय कर लगाने का औचित्य भारतीय कृषि के स्ट्रक्चर और संगठन में बदलाव के साथ-साथ कृषि उत्पादन से भी उपजा है, जो खाद्यान्न से गैर-खाद्यान्न और बागवानी-पशुपालन जैसी ऊंची कीमत वाली फसलों में स्थानांतरित हो गया है। इसके अलावा, ज्ञान, कौशल और संसाधनों के साथ कृषि उद्यमियों का एक नया समूह भी सामने आया है, जो खेती को एक लाभदायक गतिविधि के रूप में लेते हैं और इससे आकर्षक लाभ कमाते हैं।

क्या कहता है डेटा

हालांकि, इनकम टैक्सका डेटा कुछ अलग कहानी कहता है। सीएजी (Comptroller and Auditor General) के 2019 के रिव्यू में सामने आया कि कुछ ऐसेसीज ने 50 लाख रुपये तक कृषि आय होने का दावा किया। CAG ने 2015 और 2017 के बीच 22,195 में से 6,778 मामलों

की समीक्षा की, जिन्होंनेन्हों 5 लाख रुपये से ज्यादा कृषि आय काक्लेम किया था। पाया गया कि कुल 3,656 करोड़ रुपये की एग्रीकल्चर इनकम का दावा किया गया था। दिलचस्प बात यह है कि कुल दावों में से 57 फीसदी में कॉर्पोरेट एंटिटीज की हिस्सेदारी थी। ऐसे में सवाल उठता है कि सीड कंपनियां कैसे कर छूट का दावा कर सकती हैं, जबकि उनके पास कोई खेत भी नहीं है।

कई राज्यों में लागू है टैक्स

यह ध्यान देने की बात है कि कई राज्यों में किसान कुछ आयकर का भुगतान करते हैं। असम, तमिलनाडु, केरल, महाराष्ट्र, ओडिशा, उत्तर प्रदेश और पश्चिम बंगाल जैसे राज्यों में कृषि आय कर लागू है, हालांकि यह केवल कुछ फसलों और गतिविधियों के लिए है। किसी भी राज्य सरकार ने इस तरह के कर को शुरू करने पर कोई प्रतिबंध नहीं है, हालांकि इससे देश भर में असमान व्यवहार का मामला सामने आता है।

टैक्सचोरी को रोकना

सिद्धांत रूप में, कृषि आय सहित किसी भी आय पर कर लगना चाहिए। भले ही अधिकांश किसान आयकर के दायरे से बाहर रहें, लेकिन बजट में इसकी घोषणा करने से गैर-कृषि एंटिटीज पर एग्रीकल्चर कैटेगरी के तहत अपनी आय दर्ज करने और कर-मुक्त होने पर रोक लगने का लाभकारी प्रभाव पड़ेगा। इससे असमानता में कमी आएगी। इस मुश्किल से उबरने का एक तरीका इनकम टैक्सएक्ट के तहत 'इनकम' की परिभाषा में बदलाव है। इसके अलावा कृषि आय का खुलासा करने वाले प्रोफेशनल्स या पब्लिक सर्वेंट्स को किसी अन्य सामान्य नागरिक की तरह टैक्सके दायरे में लाना चाहिए। https://hindi.moneycontrol.com/news/business/budget/budget-2023-tax-on-farm-income-agricultural-income-time-to-tax-india-s-rich-farmers-1025521.html

STATES NEWS ITEMS

4. CAG appoints senior official to lead BMC spend audit *(timesofindia.indiatimes.com)* Pradeep Thakur | Updated: Jan 26, 2023

MUMBAI: The comptroller and auditor general (CAG) has appointed a director general-level officer as officer on special duty and initiated a special financial audit of the Brihanmumbai Municipal Corporation (BMC), which will include examination of its expenditure related to Covid management.

Jaya Bhagat, of the 1995 batch, has specially been deputed for the purpose of the BMC audit and has been attached to the office of accountant general of Maharashtra.

The CAG's special audit will look into the BMC's finances. Senior officials said it will include all its expenditure, including those related to Covid management. There is no restriction on a financial audit even when the funds are used for disaster relief and rescue purposes, said sources.

The BMC had sent a legal notice, challenging the federal auditor's authority to examine any expenditure made under the Disaster Management Act, 2005, or the Epidemic Diseases Act, 1897.

Chief minister Eknath Shinde had sought audit of Rs 12,000 crore spent by the civic body between November 2019 to February 2022, including over Rs 3,500 crore in Covid management.

BJP had earlier demanded a special audit accusing the previous Maha Vikas Aghadi government led by Uddhav Thackeray, whose Shiv Sena also controls the BMC, of profligacy and corruption. The party had alleged several irregularities, including purchase of life-saving drugs at three times the prevailing market price, during the pandemic.

CAG is expected to look into controversial decisions by BMC related to setting up of field hospitals during the pandemic. This would include a land deal at Dahisar as well as purchases of equipment, medicines and oxygen from vendors who were allegedly linked to officials and politicians in office. Largescale purchases made in the name of medical emergencies have also come under a cloud. In one such deal, BMC bought two lakh vials of Remdesivir at the rate of Rs 1,568 per vial on April 7, 2020. On the same day, Mumbaibased Haffkine Institute and the Mira Bhayander Municipal Corporation bought Remdesivir vials at Rs 668 each.

Shinde had also asked CAG to probe the case of assistant municipal commissioner Manish Valanju, who had approved a contract in his area to Genehealth Diagnostic, a company connected to his father. https://timesofindia.indiatimes.com/city/mumbai/cag-appoints-senior-official-to-lead-bmc-spend-audit/articleshow/97337853.cms

5. कैग ने वरिष्ठ अधिकारी को बीएमसी खर्च लेखापरीक्षा का नेतृत्व करने के लिए नियुक्त किया *(metromumbailive.com)* January 26, 2023

मुंबई: नियंत्रक और महालेखा परीक्षक (CAG) ने एक महानिदेशक स्तर के अधिकारी को विशेष कार्य अधिकारी के रूप में नियुक्त किया है और बृहन्मुंबई नगर निगम (BMC) का एक विशेष वित्तीय ऑडिट शुरू किया है, जिसमें कोविड प्रबंधन से संबंधित इसके खर्च की जांच शामिल होगी। 1995 बैच की जया भगत को विशेष रूप से बीएमसी ऑडिट के उद्देश्य से प्रतिनियुक्त किया गया है और महाराष्ट्र के महालेखाकार के कार्यालय से संबद्ध किया गया है। कैग का विशेष ऑडिट बीएमसी के वित्त पर गौर करेगा। वरिष्ठ अधिकारियों ने कहा कि इसमें कोविड प्रबंधन से संबंधित सहित अपने सभी खर्च शामिल होंगे। सूत्रों ने कहा कि आपदा राहत और बचाव उद्देश्यों के लिए धन का उपयोग करने पर भी वित्तीय ऑडिट पर कोई प्रतिबंध नहीं है। आपदा प्रबंधन अधिनियम, 2005, या महामारी रोग अधिनियम, 1897 के तहत किए गए किसी भी खर्च की जांच करने के संघीय लेखा परीक्षक के अधिकार को चुनौती देते हुए बीएमसी ने एक कानूनी नोटिस भेजा था। https://metromumbailive.com/cag-appoints-senior-official-to-lead-bmc-expenditure-audit/

6. PIL seeks CBI probe into 'misappropriation of funds by state govt' *(indianexpress.com)* January 26, 2023

The TMC government in the state declined to comment, saying that the matter is sub judice.

A PIL submitted in the Calcutta High Court has claimed that, according to a CAG report, the West Bengal government did not submit UCs (utilisation certificates) with regard to Rs 2,29,099 crore. Referring this as a "deep-rooted maladministration and misappropriation and siphoning off of funds", the petitioners demanded a CBI probe into the matter.

After allowing the public interest litigation, the Calcutta High Court directed that the state finance secretary and Comptroller and Auditor General (CAG) of India be made a party in the case. The next hearing will be on January 30.

The TMC government in the state declined to comment, saying that the matter is sub judice.

The PIL was filed by the BJP's state general secretary Jagannath Chattopadhyay and two others. According to them, "a thorough inquiry is required to be undertaken to unearth the maladministration and misappropriation of funds in West Bengal to the tune of Rs 2,29,099 crore that is unaccounted for, clearly indicates a massive conspiracy by the state administration to siphon off and misappropriate taxpayers' money."

The plea said, "Whether the investigation into the fraud and misappropriation of public funds being committed in West Bengal ought to be investigated by a central investigative agency such as the Central Bureau of Investigation since the allegations are against state government officials and any investigation by the state police runs the risk of the being influenced and not being impartial."

It also claimed, "…In case the investigation is done by the state police, due to the influence that may be used upon the investigating team, it may even result in the destruction of vital evidence which may be essential to bring the culprits to book. Whether various levels of the state administration is ad-idem with the perpetrators and beneficiaries of this scam and hence an investigation by the state police shall result in only an empty formality and rather allow the perpetrators to plug the loopholes in their fraudulent scheme and thereby go scot-free."

According to the PIL, "from the report of the Comptroller and Auditor General of India it can be seen that UCs to the tune of Rs 2,29,099 crore are yet to be received from various departments of the government of West Bengal with the biggest defaulters being the Departments of Urban Development and Municipal Affairs, School Education, Panchayat and Rural Development with each such department failing to submit UCs to the extent of Rs.30,693 crore, Rs.36,850 crore and Rs.81,839 crore respectively."

It added, "it is not surprising that the biggest defaulters in so far as non-submission of UCs are concerned are the department of panchayat and rural development and school education, since massive scams have already been unearthed in the implementation of the NREGA scheme in West Bengal and teachers recruitment, in respect of which CBI investigations are ongoing, and both such things are under the auspices of the Department of Rural Development and Panchayat and the department of education of the West Bengal government."

State Finance Minister Chandrima Bhattacharya declined to comment on the matter on Wednesday. She said, "I do not comment on subjudice matter. What we have as our answer, we will place it before the court."

A senior officer of the finance department said, "It is not that UCs pending are an unusual case. All states have UCs pending. But the unusual thing is in some departments, no UC was given in the past ten years. This may be a big issue in the near future."

CPI (M) leader Sujan Chakraborty said, "This [TMC] government siphoned off money meant for projects. It is afraid of investigation. This [PIL] is a pertinent appeal." https://indianexpress.com/article/cities/kolkata/pil-seeks-cbi-probe-into-misappropriation-of-funds-by-state-govt-8405095/

7. AP must shelve false ego *(telanganatoday.com)* 26 JANUARY 2023

Only judicious use of government revenues will make the State self-reliant in its Budget.

The political and economic contours of both Telangana and Andhra Pradesh have now clearly emerged. Eight years is a long time for people to understand the ground realities and separate facts from fiction. It's time to draw a blueprint for sustainable development and progress depending on the strengths and resources of each State.

The myths and false prestige of the past need to be shelved. Pragmatism and democratic cooperation must be ushered in for the benefit of both States.

Fact Vs Fiction

However, it does not seem to be happening. Politicians, media and the educated elite from Andhra in Andhra Pradesh and in Hyderabad are repeating the same old fiction of developing Telangana at their cost. This facade worked before the demerger because of the unverifiable and fudged accounts in the united State. But post-demerger, the CAG audited accounts of the two States have made things quite clear.

The audited accounts are available from 2014-15 to 2020-21 which clearly show where the two States stand in their financial parameters. After the demerger, the Centre continues to support residual AP's deficit Budget in place of Telangana.

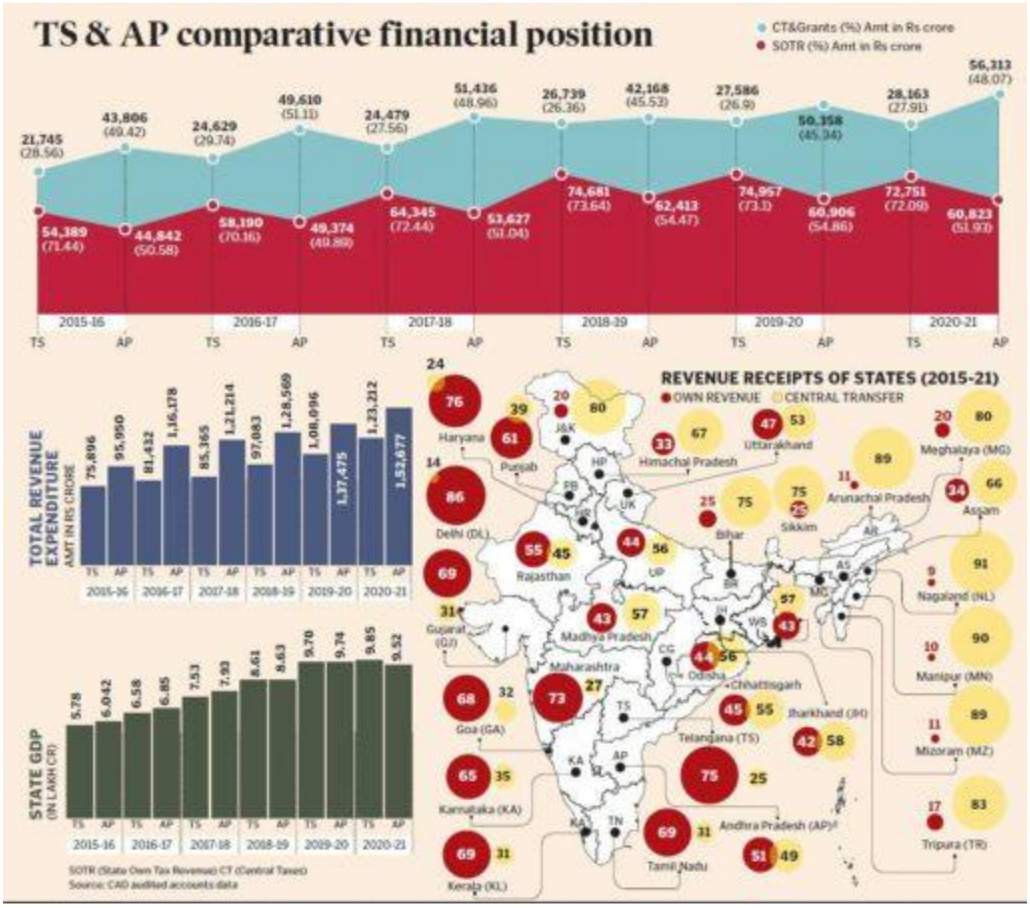
Telangana is self-reliant and is forging ahead. Andhra was in a revenue deficit right from 1953 to 1956. The Budget in the united State for 58 years was in balance, regularly. Immediately after the demerger, residual AP registered a big revenue deficit of over Rs 6,000 crore in 2014-15, while Telangana reported Rs 238 crore surplus. That provides the true financial picture of the two regions. AP always had more revenue expenditure than its revenue income. It was the same while it was in Madras State, in separate Andhra and in united AP.

Handholding AP

The Finance Commission, both 14th and 15th, together has provided Rs 52,000 crore revenue deficit grant to AP from 2015-16 to 2025-26 averaging about Rs 5,000 crore every year. It is an exceptional and the highest deficit revenue dole-out to any divided State in the country. Yet, the revenue deficit of AP doesn't show any improvement. In fact, it is growing rapidly every year. It has grown from about Rs 6,000 crore in Rs 2014-15 to Rs 35,541 crore in 2020-21 —

a hard and verifiable fact. And, every year, Andhra gets double the Central devolution than Telangana.

If we take the audited figures of the two States from 2015-16 to 2020-21, it reveals that AP has its average State Own Tax Revenue (SOTR) at 52% as against Telangana's 72% in their total annual revenue income. That means AP depends on Central devolution and grants to the extent of 48%, whereas Telanganas' dependence on it is 28%. This makes a big difference. In fact, Telangana gets much less amount of devolution than its contribution of central taxes to the Centre. AP collects less but gets more from the Centre.



Fiscal Prudence

The SOTR has a major significance in the Budget of a State. The average SOTR of States in the country is 46%. The top-performing States in the country have an SOTR of more than 65%. If we look at the RBI estimates from 2015-21 in this regard, only 8 States have more than 65% SOTR, including Telangana (75%), and these are the States leading the economic development of the country. (See infographics)

AP's high debt-to-GDP ratio, high quantum of freebies and off-budget borrowings etc are keeping it in the crosshairs of the Reserve Bank of India (RBI) for its financial risk, along with some other 10 States in the country. AP needs to work out its financial strategies to come out of that predicament of financial risk.

The Andhra elite must analyse those areas where the State is not doing good and bring it to the focus of the government so that the government takes suitable political actions to correct them. This outlandish dual State politics in Hyderabad will do no good, for themselves or the crossborder State they love. It is time they understood that what they were claiming all along with regard to Telangana is not correct. What Telangana people claimed in their ‘udyamam’ have become real.

It is deep pockets of government revenue and the prudential use of it that can make a State self-reliant in its Budget. It is time for the Andhra elite to come out of their hangover of false prestige and unfounded victimhood. They need to work hard for making their State financially sustainable. https://telanganatoday.com/opinion-ap-must-shelve-false-ego

8. Why Nitish-Tejashwi Sacked 81 Doctors *(rediff.com)* January 27, 2023

Days after the Bihar government sacked 81 doctors at government hospitals in the state for being absent from duty for years, more than 25 doctors were found absent at the Patna Medical College and Hospital during a surprise check on Saturday, January 21, 2023.

This single example reflects the issue of absenteeism of doctors in the state that prompted the Bihar government to sack absentee doctors.

It is probably the first time that the state government is showing resolve to deal with the absenteeism of doctors and other health staff.

This is part of an initiative to improve health facilities in government hospitals in Bihar. Poor health infrastructure in Bihar is not new and has made its way to the national headlines several times in recent years.

In mid-January, the state cabinet approved the health department's proposal to dismiss 81 government doctors for abstaining from duty for years.

As per the official statement, some doctors were absent from duty for 20 years, others for 15 years, still others for 12 years. About 64 doctors remained absent from duty for more than five years.

On Saturday, January 21, when Dr I S Thakur, superintendent, Patna Medical College and Hospital, during surprise visits to morning and evening out patient departments (OPDs), discovered that more than 25 doctors including four department heads, associates, assistants and senior residents, were absent from duty.

"I have taken serious note of it and asked them to submit a written reply to explain their absence from duty," says Dr Thakur.

It appears that these doctors ignored the government's action against absentee doctors and the health department's instructions to senior and junior doctors to attend to the increasing numbers of patients at OPDs.

On Sunday, Dr Thakur discovered that some nurses were absent from duty at the Patna Medical College and Hospital.

The Patna Medical College and Hospital is the largest healthcare hub in the state, but local newspapers frequently report the absence of doctors at government hospitals across Bihar.

Last October, Bihar Deputy Chief Minister Tejashwi Yadav, who is also the health minister, issued an ultimatum to improve health facilities in the state within 60 days following his first-hand experience of poor conditions in government hospitals.

In early September, during a surprise midnight visit to the Patna Medical College and Hospital, Tejashwi found doctors and medical staff absent from duty, a lack of sanitation and dirt and filth on the premises.

What shocked the health minister was the presence of dogs inside hospital wards. During his interaction with the patients, they complained of a lack of medicines and other facilities.

Yadav called a meeting of the state's civil surgeons and asked them to ensure proper treatment at government hospitals.

A month after the meeting, Tejashwi visited the government-run Nalanda Medical College and Hospital to check among other things the treatment being provided to dengue patients and encountered several patients and their relatives who complained that they were not getting medicines at the hospital and being asked to buy medicines from local pharmacies.

They alleged that they were even forced to buy drinking water bottles and that the nurses on night duty allegedly refused to attend to them.

Tejashwi then suspended Nalanda Medical College and Hospital medical superintendent Dr Vinod Kumar Singh over the complaints of irregularities, which angered the Indian Medical Association's Bihar unit which denounced the action.

In early October, Tejashwi revealed that 705 government doctors had been absent from duty for more than 12 years, others for 10 years, 5 years and 6 months respectively, but continued to draw their salaries from the state government treasury.

Tejashwi admitted that several government doctors posted at rural health centres hardly work there and instead continue to practice in urban areas.

His revelation angered the IMA-Bihar unit and Bihar Health Services Association.

Thousands of doctors at government-run hospitals and other health facilities in Bihar went on a day-long strike on October 6, 2022, to protest the government's move toward mandatory biometric attendance.

In mid-November, Tejashwi paid a surprise visit to the government-run sub-divisional hospital at Bagaha in West Champaran district and was confronted by angry relatives of patients who complained about the lack of basic facilities at the hospital, the absence of doctors, the unavailability of medicines and being asked to go for diagnostic tests outside the hospital.

A senior health department official in Patna stated that doctors employed by the government are not comfortable with Tejashwi's initiative to improve health facilities at government hospitals.

"Most of these doctors have been doing private practice and making a lot of money," the health department official said. "Their focus is not their duty at government hospitals. All of them have a vested interest of poor health services at government hospitals."

Patients who queue up for hours at government hospitals in the state often return without basic check-ups as the doctors were absent.

Similarly, seriously ill patients could not be hospitalised either due to the unavailability of medical staff or lack of equipment.

Most primary or community health centres are non-functional. District hospitals confront a shortage of doctors and basic medicines.

Last year's report by the Comptroller and Auditor General of India revealed that government hospitals, mainly district hospitals, in Bihar suffered from a severe lack of resources, workforce and plans for the growing population.

There was a persistent shortage of doctors, nurses, paramedical staff and technicians in Bihar from 2014 to 2020. Still, the health department did not get them filled, the CAG report said.

The CAG report showed a shortfall of beds, ranging from 52% to 92%. The actual bed strength had not risen to the sanctioned level even after a decade.

According to the CAG report, the district government hospitals could hardly provide patients with basic health facilities. The situation was noticed during an audit of hospitals in five districts -- Biharsharif, Hajipur, Jehanabad, Madhepura, and Patna -- from 2014-2015 to 2019-2020. https://www.rediff.com/news/special/why-nitish-tejashwi-sacked-81-doctors/20230127.htm

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. Why the RBI feels the states are better off in financial health but still highly prone to debt *(indiatoday.in)* UPDATED: Jan 26, 2023

The financial health of Indian states is on the mend after two years of a crippling pandemic, says a new report by the Reserve Bank of India (RBI). However, the RBI has cautioned that debt consolidation at the individual state level warrants urgent attention and a glide path needs to be set to create the fiscal space to deal with future shocks.

Debt consolidation refers to combining more than one debt obligation into a new loan with a favourable term structure, such as lower interest rate and tenure. "The fiscal health of the states has improved from a sharp pandemic-induced deterioration in 2020-21 on the back of a broad-based economic recovery and resulting high revenue collections," the RBI said in its report 'State finances: A study of budgets of 2022-23'. "The gross fiscal deficit of the states (the higher expenses incurred by a state compared to its income) is expected to decline from 4.1 per cent of gross domestic product (GDP) in 2020-21 to 3.4 per cent in 2022-23."

The RBI report should come as a relief to many states after the central bank had, in June 2022, come out with a scathing report, flagging deep financial distress in some states. In a report in the RBI bulletin, titled 'State Finances: A Risk Analysis', then, the central bank had cautioned against the precarious finances of a few "indebted" states in the backdrop of neighbouring Sri Lanka's economic crisis, which led to high inflation, fuel and food shortage, public unrest, and finally the resignation of the island nation's president Gotabaya Rajapaksa.

In August last year, Prime Minister Narendra Modi had questioned the 'revdi' culture in some states and said that poll freebies would increase the tax burden and prevent the country from becoming self-reliant. This sparked an intense debate on how far the states could go when it came to giveaways and how such sops were to be differentiated from real welfare measures.

As per the RBI report, which was released on January 16, states' consolidated gross fiscal deficit rose to 4.1 per cent of GDP 2020-21, the highest level since 2004-05. The spike, however, was short-lived and a reversion to consolidation was crafted in 2021-22, taking the gross fiscal deficit down to 2.8 per cent of the GDP, as against the budget estimates of 3.5 per cent and revised estimates of 3.7 per cent for that year. "This correction was brought about by higher-than-expected growth in both tax and non-tax revenues," the RBI said.

For 2022-23, states have budgeted a consolidated gross fiscal deficit of 3.4 per cent of GDP, which is within the indicative target of 4 per cent set by the Centre, albeit, with substantial inter-state variations.

However, when it comes to debt, there is a problem. While states' debt is budgeted to ease to 29.5 per cent of GDP in 2022-23 as against 31.1 per cent in 2020-21, it is still higher than the 20 per cent recommended by the FRBM (Fiscal Responsibility and Budget Management) Review Committee, 2018, warranting prioritisation of debt consolidation, the RBI report said.

In its June 2022 report, the RBI had flagged the high debt to GDP ratio of a few states for 2021-22. Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, Uttar Pradesh and Haryana had the highest debt. Of these, the five most fiscally stressed were Bihar, Kerala, Punjab, Rajasthan and West Bengal—all of them having a debt to GSDP (Gross State Domestic Product) ratio in excess of 30 per cent.

Commenting on the fiscal position of states at the Board of India Today Experts (BITE) roundtable held in Mumbai recently in the run-up to the Union budget, Ajit Ranade, vice-chancellor of the Gokhale Institute of Politics and Economics, Pune, said that the more fundamental point in India was that our tax system was such that two-thirds of the spending obligation was at the state and local levels, whereas they had only one-third of the revenue autonomy. "GST (Good and Services Tax) means the states have lost the autonomy of raising revenues because GST is now a unified and 'one nation one tax' phenomenon. But why this 50:50 ratio (revenue sharing between Centre and states)? Why didn't they agree on the 60:40 formula, where 60 per cent of the state revenues collected in GST should go back to the states?" he asked.

Madan Sabnavis, chief economist of Bank of Baroda, said there was a constraint on the fiscal deficit ratio of the states, and they have worked fairly well within that constraint. "Now, people are questioning the quality of spending. Why do we say giving free water to farmers in Punjab is a freebie? If I can subsidise the industry by giving a PLI (production-linked incentive), why can't I subsidise the farmer by giving free power so that the wheat cost comes down?" asks Sabnavis.

While the RBI report should come as a relief to states, the debate on their fiscal health and the 'freebie' culture is unlikely to die down any time soon. https://www.indiatoday.in/india-today-insight/story/why-the-rbi-feels-the-states-are-better-off-in-financial-health-but-still-highly-prone-to-debt-2326885-2023-01-26

10. RBI proposes special purpose entity mechanism for bad loan sale *(telegraphindia.com)* 26 January, 2023

The Reserve Bank of India (RBI) has proposed a special purpose entity (SPE) mechanism for the sale of bad loans to interested investors via securitisation.

Securitisation involves the pooling of loans and selling them to SPE, which then issues securities backed by the loan pool.

Currently it is largely available for standard loans. There is no corresponding mechanism for securitisation of non-performing assets (NPAs) through the SPE route. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) provides for the securitisation of such loans, but they have to be undertaken by Asset Reconstruction Companies (ARCs) licensed under the Act.

After the RBI received feedback that it should look at securitisation of NPAs through the SPE route, it had announced on September 30, 2022 that a discussion paper detailing the contours of the proposed framework on securitisation of stressed assets (SSAF) will be issued.

On Wednesday, the banking regulator issued a discussion paper which laid down the broad features of the proposed framework. It also solicited views on various aspects since securitisation of NPAs has features that distinguish it from that done in standard or performing assets.

The discussion paper proposed a mechanism, wherein an originator of NPAs sells to them an SPE that funds this acquisition by issuing securitisation notes. The SPE then appoints a servicing entity to manage the stressed assets. This will come with a fee structure that incentivises them to maximise recoveries on the underlying loans. Investors are then paid based on the recovery from underlying assets, as per the waterfall mechanism depending upon the seniority of the tranches.

The paper put a set of questions for discussions, starting with whether the framework should apply only for loans recognised as NPAs or should it include loans that are in categories like special mention accounts (SMA) or tagged as standard assets.

Citing the challenges that could arise before allowing securitisation of bad loans, the RBI said that the underlying pool of assets in SSAF are different from the securitisation of standard assets (SSA) in terms of the credit risk.

While for SSA, the credit risk associated with the borrower is borne by the investors in securitisation notes, in SSAF the assets are already in default or NPA or deemed as non-performing. Moreover, even as they are securitised at a discount to their nominal value, the investors are exposed to the risk that the workout of resolution exercise may not generate sufficient recoveries to cover the net value of transferred underlying assets.

One of the question that the RBI asked the stakeholders is what kind of loans or assets should be eligible under the new framework, and whether the mechanism should be restricted only to NPAs, or expanded to include standard assets as well, up to a ceiling.

Here, the discussion paper said that securitisation involving only NPAs may have uncertain cash flows, mainly dependent on recoveries from underlying assets. Therefore issuance of securitisation notes on those underlying assets may not have regular servicing, which may be a limiting factor for the universe of investors.

POOLING OF TOXIC ASSETS

- Bad loans to be pooled and sold to SPEs, with repayment via securitisation route
- NPAs sold to SPEs, which then issue securitisation notes
- SPE appoints a servicing entity to manage the stressed assets
- RBI in a discussion paper said SPEs may be valid for standard assets but in bad loans there are inherent risks
- Discussions favour SPEs for retail stressed assets such as mortgages and unsecured personal loans

https://www.telegraphindia.com/business/reserve-bank-of-india-proposes-special-purpose-entity-mechanism-for-sale-of-bad-loans-to-interested-investors/cid/1912330

11. Despite bad year for RBI's foreign investments, govt may get big dividend *(moneycontrol.com)* 27 January, 2023

The Centre can expect a hefty dividend from the Reserve Bank of India (RBI) in the 2023-24 Budget even though the current financial year was bad for the central bank's foreign investments.

The RBI keeps its foreign exchange reserves in the form of assets such as gold, foreign currency, deposits in overseas banks, and bonds of foreign governments. Over $200 billion is invested in US government bonds.

But with US interest rates rising sharply in 2022-23, the RBI may have to make record provisions against losses on these investments. The price of a security – for instance, a US government bond – falls as the yield on it rises.

In 2021-22, the 10-year US government bond yield rose to 2.32 percent from 1.65 percent. So far in 2022-23, a rapid tightening of monetary policy by the US Federal Reserve has led to the 10-year paper's yield rising by 114 basis points to 3.46 percent, having come off a high of 4.25 percent in mid-October.

One basis point is a hundredth of a percentage point.

The RBI's holdings of foreign securities are marked to market. Any unrealised gains or losses must be transferred to the Investment Revaluation Account-Foreign Securities. If there are losses, the IRA-FS falls into negative and must be balanced at the end of the financial year by charging a similar amount to the Contingency Fund.

In 2021-22, the central bank made a provision of Rs 1.15 lakh crore towards its Contingency Fund, which is meant to meet unexpected and unforeseen eventualities, including depreciation in the value of securities, risks arising out of monetary and exchange rate policy operations, and systemic risks.

This provision led to the RBI transferring a dividend of only Rs 30,307 crore to the government in 2022-23, well below the budget estimate of Rs 73,948 crore.

The RBI is expected to transfer the dividend for 2022-23 to the Centre in May after its annual accounts are finalised. Since this dividend will be paid to the government in 2023-24, next week's budget will provide an estimate for it.

Big FX gains

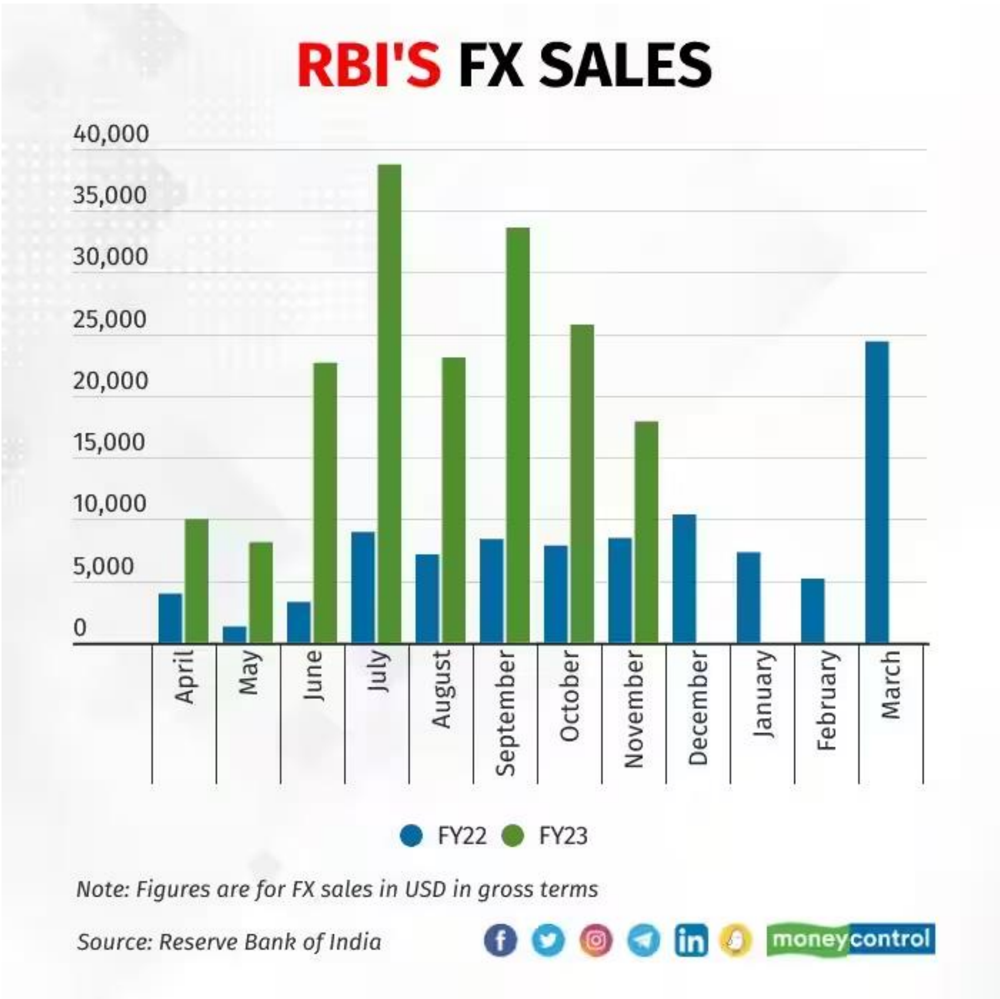
Over the years, the RBI's dividend has become a major source of revenue for the Centre. From Rs 33,010 crore for 2012-13, it rose to Rs 1.76 lakh crore in 2018-19, with the central bank also transferring some of its excess reserves.

While the dividend for 2021-22 took a hit, the fact that the RBI had any dividend to give at all was thanks to its forex sales.

In 2021-22, the RBI sold $97 billion worth of foreign currency. This generated a huge foreign exchange gain of Rs 68,991 crore for the central bank, partially nullifying the provision it had to make.

Foreign exchange gains are set to have come to the RBI's aid again in 2022-23.

The central bank's gross foreign currency sales amounted to $180 billion in the first eight months of 2022-23 as it mounted a defence of the rupee, which hit several new lows against the dollar amid rising global interest rates and elevated commodity prices following Russia's invasion of Ukraine in February 2022.



According to Madhavi Arora, lead economist at Emkay Global Financial Services, the Union Budget 2023-24 could estimate the RBI dividend at as much as Rs 1 lakh crore, thanks to the huge forex sales. Other economists see the dividend in the range of Rs 70,000-80,000 crore.

The RBI generates a profit on foreign currency sales on account of the sale price being higher than the historical average cost. According to IDFC First Bank's Gaura Sen Gupta, the historical average cost of the RBI's dollar holdings is about 62 rupees at the moment.

The rupee's median exchange rate went to 81.7 per dollar in November from 76.3 in April. Every dollar sale over the period generated a substantial profit and forex gains for the full year could be double the Rs 68,991 crore accrued in 2021-22.

To be sure, the RBI has other sources of income and expenditure heads. It is likely to get higher interest income from its holdings of foreign securities due to the higher interest rates. Another plus could be lower interest outgo on its liquidity operations, with surplus liquidity having reduced this financial year.

On the other hand, the RBI's expenditure – excluding provisions – is pretty settled, having averaged roughly Rs 15,000 crore per year over the past decade. https://www.moneycontrol.com/news/business/budget/budget-2023-despite-bad-year-for-rbis-foreign-investments-govt-may-get-big-dividend-9945941.html

12. Budget 2023 will continue Modi's infrastructure push. But older projects lag *(theprint.in)* 27 January, 2023

Despite slow progress on projects, experts are optimistic. They emphasise that India has shifted focus from bare minimum needs to next-level infra & infra for future, which takes time.

The central government's thrust on infrastructure development, especially railways and highways, is likely to continue in the Union Budget 2023-24. However, on the ground, the pace of work on several major infrastructure projects announced in last year's Budget is running behind target, official data show.

The roads and highways sector is expected to get an enhanced allocation in the 2023-24 budget when finance minister Nirmala Sitharaman unveils the last full budget of the second Narendra Modi government on 1 February. The sector's allocation is likely to go up to over Rs 2 lakh crore in 2023-24 from Rs 1.99 lakh crore in 2022-23, according to two senior officials at the road transport and highways ministry.

"Whatever was allocated to us in the 2022-23 fiscal will be over by February," added one of the officials.

Sources in the Ministry of Railways said the allocation for the sector in the 2023-24 fiscal is likely to be around Rs 1.8 lakh crore, up from Rs 1.4 lakh crore in 2022-23.

Senior officials of the railways ministry also listed several announcements expected on Budget day. These include the laying of new tracks, the addition of more semi-high-speed Vande Bharat trains to the Railways fleet and the launch of hydrogen-propelled trains, as well as an enhanced allocation for the Ahmedabad-Mumbai bullet train project.

Road and Rail infra

Despite this continuing drive to boost infrastructure, many of the projects announced in the 2022-23 Budget are lagging behind schedule.

The road transport and highways ministry, for instance, had set a target of constructing 12,200 km of highways in the 2022-23 fiscal. But as of December, only a little over 5,300 km of this had been constructed, according to the ministry data.

Completing the rest by 31 March seems an uphill task, although two senior road ministry officials said they were hopeful the pace of construction would pick up in the remaining two months of the current fiscal.

In a reply to Parliament in December, highways minister Nitin Gadkari blamed the sluggish construction pace on the monsoons.

"The ministry has also assessed that this year above average rainfall during monsoon adversely impacted the construction progress. Total length of 4/6/8 lane NHs constructed during this financial year up to November is 2,038 km, which is more than 1,806 km constructed during the previous financial year for the same period. However, the overall length of all categories of NHs constructed during this financial year up to November is 4,766 km, which is less than 5,118 km that was constructed during previous financial year for the same period," Gadkari had informed the Parliament.

The ministry's ambitious project to build five greenfield expressways and 22 access-controlled corridors with an overall length of 9,860 kms by the 2027-28 fiscal is also running behind schedule, the second road ministry official said.

As far as the railway sector is concerned, the Mumbai-Ahmedabad High Speed Rail (MAHSR) project, marred by delays on account of land acquisition issues, is also running behind schedule.

The overall physical progress on the 508.09 km corridor was just 24.73 per cent as of 31 December, 2022, according to information tabled by the railways ministry in Parliament.

According to the sources in the Ministry of Railways, the bullet train project cost is likely to exceed the estimate of Rs 1.08 lakh crore. In the 2022-23 fiscal, the National High Speed Rail Corridor Limited (NHSRCL) — the implementing agency — was allocated Rs 19,102 crore. A provision was also made allowing investment of Rs 5,000 crore for the project through extra-budgetary resources, the sources added.

In the 2022-23 Budget, it was also announced that 400 Vande Bharat trains would be manufactured in the next three years. With two-and-a-half months to go before the current fiscal ends, only eight such trains are operational.

Vinoo N. Mathur, former member, Traffic, Railway Board, said it's good that Indian Railways is coming up with new products such as Vande Bharat trains, which are indigenously made. "But the real benefit to passengers will happen if the Railways can increase the train's speed and reduce journey time. Right now, the speed of the Vande Bharat trains is like any other Rajdhani or Shatabdi," he said.

There are other infra targets announced in the 2022-23 Budget that haven't been met. Sitharaman had said that contracts for eight ropeway projects for a length of 60 km would be awarded in 2022-23. But so far, only one contract — for a 3.85 km urban ropeway in Varanasi — has been awarded. Prime Minister Narendra Modi had laid the foundation of a ropeway project in Mana, Uttarakhand, but no contract has been awarded for this.

Similarly, Sitharaman had announced the development of 100 PM Gati Shakti cargo terminals for multimodal logistics facilities over the next three years. Of this, till the first week of December, the Railways had commissioned just 22 such terminals while in-principle approval had been given for 79 others, railways minister Ashwini Vaishnaw informed Parliament last month.

'Focus shifting to next level of infrastructure'
Parvesh Minocha, chairman, Feedback Infra —an infrastructure consultancy firm — is optimistic that the government will continue to prioritise the sector.

"In the infrastructure space, one needs to look at a block of 10 years. Fluctuations in quarterly or annual targets will happen. The focus is now shifting from basic infrastructure to the next level of infrastructure. It's not just the construction of a two-lane or four-lane highway but access-controlled highways and expressways. It's a new learning curve," Minocha told ThePrint.

According to Minocha, private capex is just beginning to take off. "We are moving from a vicious cycle to a virtuous cycle now. We are not building for meeting bare minimum needs but for meeting future demand. When you build infra for the future, the pace is different," he added.

The challenge arises when the central government has to collaborate with the states. "Because of Centre-state friction, there is a delay," Minocha said. "Besides, the environmental issue is a big challenge. Our infra push has to be far more sensitive towards the environment than earlier," he added.

Mathur said the focus on the railways sector, which has capacity limitations, was long due. "But there has to be a balance between freight and passenger capacity when you are building new lines. We need capacity on the freight front. There is a need to focus on line and terminal capacities. There is also a need for additional freight corridors," he said. https://theprint.in/budget/budget-2023-will-continue-modis-infrastructure-push-but-older-projects-lag/1334069/

13. Missed warnings on Joshimath: A timeline *(frontline.thehindu.com)* Jan 26, 2023

A compilation of the many studies done over the years, and how they were all ignored.

1976: The Mahesh Chandra Mishra committee says that construction in and around Joshimath must be limited and monitored as the area is located on a moraine and vulnerable to subsidence. Its recommendations include preventing construction on unsafe areas, ensuring proper drainage, reforestation, and reinforcements near river banks to prevent erosion.

2006: The Wadia Institute of Himalayan Geology publishes a report revealing that some parts of Joshimath were "sliding by 1 cm every year".

2007: A study conducted by professors from the Indian Institute of Remote Sensing, Dehradun, and Tribhuvan University, Nepal, states: "Joshimath town as well as AT Nala and Marwari villages are some of the most hazardous places in the (landslide) study area."

2010: An article by M.P.S. Bisht and Piyoosh Routela from Garhwal University published in Current Science states: "Being situated in close proximity of tectonic discontinuities, Joshimath has been showing signs of distress due to the burgeoning anthropogenic pressure." It adds: "The sudden and large-scale dewatering has the potential of initiating ground subsidence."

2014: After the 2013 Uttarakhand floods, the Supreme Court appoints an expert body whose report concludes that hydropower projects played a significant role in the disaster, calls for the urgent improvement of environmental governance, and recommends that at least 23 hydropower projects be dropped.

2019: The government sets up a high-powered committee to evaluate the Char Dham Road Project to widen roads up to 10 metres to improve accessibility to Yamunotri, Gangotri, Badrinath, and Kedarnath. Committee chairman Ravi Chopra resigns in 2022, stating that the government is ignoring recommendations.

2022: A paper by a team of experts from IIT-Roorkee; Geological Survey of India; Wadia Institute of Himalayan Geology, Dehradun; Central Building Research Institute, Roorkee; and Uttarakhand Disaster Management Authority says: "In addition to the environmental conditions, road construction and widening have contributed to new landslides…." It blames unscientific tourist activity, "particularly resorts that have mushroomed along the Joshimath-Auli road" and recommends enhancing drainage facilities and controlling erosion along the Alaknanda north of Joshimath.

2023: The government commissions ISRO's National Remote Sensing Centre to investigate the extensive damage in Joshimath. A preliminary report says: "While slow subsidence up to 9 cm within the town was recorded over seven months since April 2022, Cartosat-2S satellite data acquired by ISRO found the area sunk by around 5 cm in just 12 days since December 27." The report has since been taken down from the public domain. On January 8, the PMO said that engineers and scientists have been asked to study short-, medium-, and long-term plans for Joshimath. On January 14, the National Disaster Management Authority directed organisations associated with data collection in Joshimath not to interact with the media. https://frontline.thehindu.com/environment/missed-warnings-on-joshimath-a-timeline/article66413824.ece

14. Tapovan Vishnugad: NTPC project at the heart of Joshimath crisis *(frontline.thehindu.com)* Jan 26, 2023

Tapovan Vishnugad, the 520 MW hydropower project undertaken by NTPC (formerly National Thermal Power Corporation Ltd), has been controversial at least since 2009, as it is again now in January 2023. This time the cause is the sinking of Joshimath town in Chamoli district of Uttarakhand.

Rather unconvincingly, NTPC is trying its best to wash its hands of any involvement in the sinking and collapse of hundreds of buildings, roads, and the temple in Joshimath. Several buildings in the nearby army brigade camp are also damaged. Both State and Central governments are trying their best to protect NTPC.

On January 13, following Indian Space Research Organisation (ISRO) sharing its findings about the sinking of Joshimath, the National Disaster Management Authority (NDMA) working under Union Home Minister Amit Shah issued an order asking all agencies to refrain from sharing any findings about the Joshimath crisis till an expert committee gave its report. This is unfortunate. An expert committee including NDMA, National Institute of Disaster Management, Geological Survey of India (GSI), Wadia Institute of Himalayan Geology, and Central Building Research Institute, among others, is investigating the cause of the disaster. The engagement of some of these institutes (e.g. GSI) in this committee amounts to conflict of interest since they were also involved in the sanctioning of the Tapovan Vishnugad project.

The letter written by the Secretary, Union Ministry of Power, to the Chief Secretary of Uttarakhand on January 11, tries to suggest that the NTPC's hydro project has no role to play in the Joshimath subsidence. The letter makes a number of misleading statements, for example: "Construction of the tunnel in this stretch has been done through Tunnel Boring Machine (TBM) which causes no disturbance to the surrounding rock mass."

Misleading claims

The reality is that of the 13.22 kilometres of Head Race Tunnel (HRT, including 966 metres upstream of intake), about 4.95 km is being constructed by the Drill and Blasting method. At no stage has NTPC made public how many times it has used blasting for the tunnel and other project-related work, at what locations, on what days, and in what quantities.

As far as the 8.27 km of HRT that is being constructed using TBM is concerned, the TBM has got stuck at least thrice—on December 2009, February 2012, and September 2012. After the last episode, it stayed stuck for almost seven years. As a detailed technical paper (by Bernard Millen et al) published in 2015 says, these instances have the capacity to cause "subtle and rapid major changes to the hydraulic properties—particularly increased permeability" a long distance away from the tunnel location through multiple processes.

Moreover, they can "lead to an automatic increase in the hydraulic permeability of several orders of magnitude". So, if anyone is saying that using TBM has only local impact, they are being misleading.

There are several misconceptions about run-of-the-river hydropower projects like Tapovan Vishnugad that need to be corrected. First, this project has a 22-metre high dam, which comes under the definition of large dams. The impactful components of the project include excavation and building of the main dam, coffer dam, desilting chamber, head race tunnel, adits, intake, power house, surge shaft, tailrace tunnel, submergence, mining of materials, construction of roads, colony, and dumping of over 3.1 million cubic metres of muck, among others.

The total impact of all these during construction (the impacts during operation would be additional) and the implications of such work on various aspects of the environment, including geology and underground hydrology, would be huge. But these were not assessed.

The Ministry of Power letter also mentions another committee of August 2010 that involved the Indian Institute of Technology-Roorkee (IIT-R). Here again, there is a conflict interest since IIT-R also did the carrying capacity cum cumulative impact assessment of hydropower projects in the Alaknanda and Bhagirathi basins in 2011, which was a very shoddy piece of work.

Just to illustrate, the report listed the Tapovan Vishnugad Hydropower Plant more than once in the Bhagirathi basin! The report failed to assess the cumulative impacts and, in fact, read more like a hydropower lobbying report. IIT-R was a member of yet another committee of August 2022 mentioned by the Ministry of Power letter. Unfortunately, governance in India conveniently does not seem to understand the complications of conflict of interest. Interestingly, none of these committees had any independent members.

Unheeded warnings

Some things, however, are beyond doubt. What is happening now in Joshimath is a man-made disaster, notwithstanding any claims to the contrary made by officials even before the probe. The warnings have been there since 1886, when Edwin T. Atkinson indicated in The Himalayan Gazetteer that the town was located on landslide debris. The 1976 Mishra Committee report also warned of the limited load-bearing capacity of slopes. In 2009, when the Tapovan Vishnugad Hydropower project's tunnel boring machine on Dhauliganga river punctured an aquifer near Selang (this village, close to the tunnel, is facing cracks and subsidence), it led to a daily discharge of millions of litres of water for several weeks. Scientists had warned then that this could lead to subsidence.

The 2013 Kedarnath disaster was another wake-up call, followed by several others, the latest being the flash floods of February 2021. Most of the 200 deaths in 2021 were at the construction site of the Tapovan Vishnugad project. The erosion of a part of the left bank of Alaknanda river just downstream of Joshimath that followed the floods of February and October 2021 are now being discussed. The cracks in Joshimath aggravated in the last week of December 2022, but they took a quantum leap on the night of January 2, 2023, when muddy water suddenly started gushing out from underground at the rate of about 400 litres per minute in the Marwari area of Joshimath town.

TIMELINE
-November 2006: Project work started
-December 25, 2009: TBM strikes aquifer, leading to water ingress into Head Race Tunnel (HRT) of up to 700 litres per second. Work stopped.
-February 2012: TBM stuck
-September 2012 to May 2019: TBM remains stuck at 5,436 metre "due to cavity"
-June 2013: Uttarakhand disaster damages project
-February 2021: Chamoli disaster destroys large parts of the project
-July 25, 2021: Landslide covers TBM portal
-April 23, 2022: Rockfall near HRT Intake Adit portal; electric cable damaged
-December 2022-January 2023: The sinking of Joshimath stops work. Water from the aquifer at Marwari starts flowing out at the rate of 800 litres per minute on January 2

The National Remote Sensing Centre and ISRO are now telling us that the town has been sinking by 6-6.5 centimetre a year for 18 months at least, and in the 12 days since December 27, 2022, the subsidence has been over 5.4 cm. This is besides the 8.9 cm subsidence between April and November 2022. Government officials are now talking about the loose soil's low bearing capacity, worsened by the percolation of water; the worsening slope stability since the aquifer puncture; and the lack of adequate drainage in Joshimath.

They are telling us now that geological, geophysical and geotechnical studies have never been done here (although they should have been done—even the Ravi Chopra Committee recommended it), and that they will do it now. The Minister of Earth Sciences is setting up micro seismic observatories around Joshimath. It sounds eerily similar to NTPC declaring after the February 2021 disaster that they would now put up early warning systems upstream—something they should have done earlier, saving lives.

While these steps are welcome, where was all this wisdom so far? None of this is rocket science. Before sanctioning and taking up these massive projects, were ground realities considered? The big hydropower projects in the immediate vicinity of Joshimath include the 400-megawatt Vishnuprayag Hydro Electric Project (operating), the 520 MW Tapovan Vishnugad Hydropower Plant (under construction), and the World Bank-funded 444 MW Vishnugad-Pipalkoti Hydro Electric Project (under construction). Besides these, there is the widening of the 5.5 km-long Helang-Marwari Char Dham highway, Asia’s longest Joshimath-Auli ropeway project, and the Rishikesh to Karnaprayag railway line, among others. It may be recalled that the Char Dham highway did not have an Environment Impact Assessment (EIA) report, environment appraisal, management plan or approval, following alleged manipulations by the Ministry of Road Transport and Highways that were condoned by the Ministry of Environment, Forest and Climate Change (MoEFCC) and the judiciary.

Lack of studies

The ropeway project is officially stopped now. Experts recommend that saving what remains of Joshimath and the surrounding landscape requires abandoning the Tapovan Vishnugad project and the widening work on the Helang-Marwari Char Dham highway. The Ravi Chopra Committee appointed by the Supreme Court had already recommended this.

Many questions arise. Were basic studies done to ascertain the feasibility and consequences of major interventions in this area? Did the EIA of these projects look at the geological, geohydrological, geotechnical and geophysical realities, the consequences of interventions, and the disaster potential of the vulnerable area? Who appraised the EIAs? Who approved the projects based on EIAs that did not take into account any of these issues in a credible way? Will the Expert Appraisal Committee on River Valley and Hydropower Projects and the MoEFCC, which cleared these projects, be held accountable?

Every major hydropower project gets clearance from the GSI, Central Water Commission and Central Electricity Authority. How did these agencies clear the projects without basic comprehensive investigations and while ignoring known realities?

“Even if their social and environmental costs are set aside, big hydropower projects are no longer economically viable.”

Experts are talking about the carrying capacity limitations. The carrying capacity and cumulative impact assessment of hydropower projects in the Alaknanda-Bhagirathi basin, conducted by IIT-R in 2011, was supposed to include landform stability. Will the researchers from IIT-R who did the study be questioned?

The South Asia Network on Dams, Rivers and People (SANDRP), of which this author is a member, raised the issue of geological and other aspects missing from the IIT-R report in 2011. In September 2004, SANDRP wrote to the MoEFCC and Expert Appraisal Committee about the inadequate EIA of the Tapovan Vishnugad project and the lack of proper public hearings. A petition filed by Matu Jan Sangathan before the National Environment Appellate Authority against the environment clearance given to the project was rejected on the grounds of being filed more than 30 days after the clearance, without a hearing on the merits of the issue.

Unviability of hydropower

The flaws in the country's governance structure once again stand exposed. There is neither any accountability nor a system that considers past experiences while taking new decisions. Conflict of interest is ignored. The expert appraisal committees that scrutinise and sanction the projects are full of yes people, who have no record of rejections. EIAs are mostly incomplete, often fraudulent and cut-and-paste affairs. Despite catastrophic disasters such as those in June 2013 and February 2021, there is no comprehensive move to fix accountability. Such events provide opportunities to rectify past mistakes, but are ignored.

Even if social and environmental costs are set aside, big hydropower projects are no longer economically viable. The cost of power from them is not less than Rs.6-7 per unit; cheaper power is available in the grid and from alternatives like solar and wind. The biggest evidence of this is the fact that the private sector is overwhelmingly uninterested in hydro projects.

The conclusion of the April 2022 NDMA report on the 2021 Chamoli disaster is worth noting: "In the long run, the pursuit of alternative sources of energy will need to be looked at since this zone appears to be environmentally fragile. A separate study on that may be set up by the Ministry of Power."

"Every major hydropower project gets clearance from the GSI, Central Water Commission and Central Electricity Authority. How did these agencies clear the project without basic comprehensive investigations and while ignoring realities?"

Large hydropower projects—required to store, balance the power from solar and wind, or provide peaking power—are untenable considering that we already have over 47,000 MW of existing hydropower and no one is even monitoring or optimising peaking power generated by this capacity. Anecdotal evidence shows that in many cases these projects are operating as base load stations even when they can generate peaking power.

Most existing pump storage hydro capacities, designed to provide peaking power, do not even operate in pump storage mode since it is not economically viable. It is another story that some 30,000 MW of pump storage capacity is now under various stages of development. In fact, 97 per cent of our existing large dams do not even have a hydropower component. There is clearly no case for more such projects and one should actually think of decommissioning unviable and unsafe dams.

It may be added here that in the context of climate change, big hydro projects actually lead to destruction of adaptation resources like rivers, forests and biodiversity and lead to a multi-fold increase in the disaster potential of the area. The propaganda that hydro is climate-friendly is just that: propaganda.

The ongoing disaster will not stop at Joshimath. News is coming in from various places in Uttarakhand, Himachal Pradesh and elsewhere of similar situations. If we do not show the will to understand and correct the systemic causes behind the failures at Joshimath, we are destined to be revisited by disasters, with possibly increasing frequency, intensity and spread. A paper by geologists of Hemvati Nandan Bahuguna Garhwal University in Uttarakhand, currently under pre-publication review, suggests: "Results revealed that the displacement in these hillslopes might reach up to 20-25 m that will further aggravate the situation."

Joshimath is close to the Main Central Thrust fault line of the Himalayas, making it seismically highly vulnerable. The paper cites three major earthquakes in the region: "1 Sep. 1803 (Mw 7.8), 20 Oct. 1991 (Mw 6.8), and 29 Mar. 1999 (Mw 6.6) having hypocentral distance less than 30 km."

The disaster in Joshimath is an evolving situation. Even as more buildings collapse, studies to find out the root causes are ongoing. The responses of the State and Central governments and their agencies are still developing. One only hopes that these responses will not be dictated once again by the economic fundamentalist model that is at the root of the disaster.

The Prime Minister could take the lead to institute an independent review of the situation and list the lessons to learn. Until then, stop all major construction activities around Joshimath. The Prime Minister can also declare a new Himalayan policy that takes into account the realities of the region and tailors development accordingly.

After all, Joshimath is not just any town. It has a huge religious, historical, and strategic significance.

The Crux

-The sinking of Joshimath town in Chamoli district of Uttarakhand has brought the attention back again to the Tapovan Vishnugad Hydropower Plant undertaken by NTPC in Chamoli.

-There are several misconceptions about run-of-the-river hydropower projects like Tapovan Vishnugad that need to be corrected.

-The total impact of the construction of the dam and the implications of such work on various aspects of the environment, including geology and underground hydrology, are huge. But these were not assessed.

-In the context of climate change, big hydro projects lead to destruction of adaptation resources like rivers, forests and biodiversity and lead to a multi-fold increase in the disaster potential of the area.

-What is happening now in Joshimath is a man-made disaster, notwithstanding any claims to the contrary made by officials.

https://frontline.thehindu.com/environment/tapovan-vishnugad-hydropower-plant-ntpc-project-at-the-heart-of-joshimath-crisis/article66386447.ece

15. CCUS innovation can fast-track India's decarbonisation *(financialexpress.com)* January 27, 2023

Embracing CCUS should be a strategic priority for the long-term value it brings, especially as it de-risks industries and power plants from future carbon regulations. It can also bring add-on benefits for a country like India by creating 8-10 million full time jobs

With the changing economic dynamics globally, the energy trilemma—involving affordability, reliability and sustainability—must be contended with. These imperatives have also raised concerns over energy security, an important attribute to ensure sustained economic development of any nation. Climate change is a key challenge with implications for the energy trilemma, impacting the ability to balance the three even as it poses a threat to conventional energy production and energy infrastructure. The scenario presents an opportunity to look at other low- to zero-carbon power generation sources or systems that can help resolve the energy trilemma.

For India's 'Net Zero by 2070' goal, carbon capture, utilisation and storage (CCUS) technologies can play a pivotal role. Carbon capture and abatement is critical to achieving the 'five elixirs' announced by prime minister Narendra Modi, including the goal to reduce one billion tons of total projected emissions by 2030 and bring down the country's carbon intensity to less than 45%.

The roadmap for CCUS

According to the International Energy Agency's (IEA) Sustainable Development Scenario (SDS), CCUS will account for 15% of the cumulative reduction in emissions in the energy sector, with its contribution set to grow with technology advancements, reduced costs and cheaper abatement options. IEA SDS estimates that by 2070, 10.4 billion tons of CO2 is captured from across the energy sector.

In its simplest sense, carbon capture and sequestration is the process of removing CO2 from the waste gas from industrial or power generation processes. There is a portfolio of options to tackle this challenge, using specific chemicals called solvents and sorbents which have an affinity towards acidic gases. Solvent systems are commercially available technology for capturing carbon from gas plants or industrial processes such as cement and steel. On the other hand, sorbent systems, in early stages of development, are estimated to bring key advantages over solvent systems, such as lower capex and opex due to low sorbent cost and regeneration energy.

While CCUS technologies have been around for over a decade, the ecosystem to get the technologies off the ground at scale has faced constant challenges. One of these is the economics of making it all work. We believe CCUS needs to be a key part of the India decarbonisation strategy for meeting its Paris goals. Ranging from establishing a durable regulatory environment, expediting permitting processes for CO2 storage to positioning CCUS to receive direct investment and incentives similar to those available to other efforts to reduce emissions. Additionally, establishing a market price for carbon will be crucial for providing the needed clarity and stability required to drive investment.

Retrofitting gas-powered plants with CCUS

In India, post combustion, carbon capture serves as a significant channel to decarbonise the power and energy-intensive industries that rely on fossil fuel. Integrating carbon capture systems with gas-powered combined-cycle plants—an effective retrofit strategy—helps cut costs, in addition to extending the lifetime of operating assets, extending their economic viability and even deferring costly decommissioning expenses with forced retirements.

Similar to introducing hydrogen to a power plant—one of the evolving approaches in decarbonisation—CCUS can be applied to both new and existing gas power plants. Today there are known applications of captured carbon dioxide, such as production of synthetic fuels, chemicals, and building materials or for sequestration and enhanced oil recovery (EOR). However, as CO2 storage in geological basins is established at scale, the captured CO2 can be shelved back forever to completely align with the climate goals and emission reduction targets.

Addressing the cost challenge

One of the key challenges in CCUS deployment is the capital costs involved. Today, technology enables the application of CCUS as a modular solution, which will facilitate incrementalcarbon reduction through each additional module. This is an opportunity for power-plant-owners—as well as industries relying on fossil-fuel powered plants—to take a phased approach by deploying CCUS systems in phases and spread out the capital investment over a longer period.

Several industry bodies and agencies are involved in conducting feasibility studies to define risk identification mechanisms and potential pathways most suited to monetise carbon reduction activity. When the capital and operational costs in CCUS are amortised over a 20-year-period of a plant's life, the levelised cost of energy from the asset can be highly competitive compared to other forms of decarbonisation assets. We have seen key global support mechanisms that have surfaced this year. For example, the step change through Inflation Reduction Act rolled out in US, presents policy incentives enable an economic tipping point that can make a real difference to the deployment of CCUS. We need to think about how to optimise the whole value-chain to make it an attractive business proposition.

Embracing CCUS should be a strategic priority for the long-term value it brings, especially as it de-risks industries and power plants from future carbon regulations. It can also bring add-on benefits for a country like India by creating 8-10 million full time jobs (CCUS target of 750 mtpa by 2050), while contributing to national GDP. We need a strong carbon-credit and incentive based policy framework that can boost the adoption of low-to-zero carbon technologies. We need an equally important push on CO2 infrastructure that needs to be developed to support the CCUS industry. The facets of critical incentives framework would include a sustained value placed on CO2, uniform standards and procedures for monitoring and safety, tax incentives, assignment of long-term storage liability, and significant infrastructure development. https://www.financialexpress.com/opinion/ccus-innovation-can-fast-track-indias-decarbonisation/2961403/

16. Why legislate a Net Zero target? *(financialexpress.com)* January 27, 2023

A private member's Bill, called the Net Zero Emissions Bill 2022, was introduced in the Rajya Sabha on December 9, 2022. What the fate of this Bill will be, only time will tell. But it would be interesting to note that there are some countries who have already legislated on their desire to turn net-zero emitters in the years to come. Of course, in certain cases, net-zero means only carbon emissions, leaving out other greenhouse gases (GHGs). Further, in some cases, it is not clarified as to what all is included in net-zero. While Germany and Sweden have legislated turning net-zero by 2045, Denmark, Spain, Hungary, Luxembourg, and Ireland, have legislated turning net-zero by 2050.

Other countries that have passed such legislation include Japan, South Korea, Canada and New Zealand, whose target date is again 2050. The Russian Federation has legislated a 'net-zero by 2060' target. While legislation may show how serious a country is about decarbonisation, one wonders whether it really makes any sense? It would not be possible to impose penalties since the responsibility is diffused. The only exception could be in case one is a part and parcel of some emissions reduction plan, like the European Union's Emissions Trading System (ETS) or even the Perform Achieve and Trade (PAT) scheme in India. However in such schemes, the penalties are inbuilt and, in any case, only take into account primarily the industrial sector, including power generation.

Legislation on net-zero, therefore, has to be taken with a pinch of salt and, for all practical purposes, it is perhaps nothing more than optics.While there are only a handful of countries who have legislated on decarbonisation, as many as 133 countries have declared their intention to turn net-zero by way of a policy document or an announcement, etc. Interestingly, it is not limited to countries only. The desire to turn net-zero has permeated to the sub-national level (states/cities) and also the corporate world. The list includes 242 cities, 116 states/regions and also about 800 publicly listed companies from the Forbes Global 2000.

It is estimated that there would be about 10,000 real economy actors who have announced their desire to turn net-zero.According to Net Zero Tracker (a project by an international consortium), the desire to turn net-zero has accentuated in the last 3-4 years. Net-zero targets in domestic legislation or policy documents has increased from 10% of the total GHG coverage in December 2020 to about 65% in 2022. The number of countries who have legislated has gone up from seven to 16 (as of June 2022). National targets that just covered 16% of global gross domestic product (GDP) in the mid-2010s have gone up six-fold to encompass 91% of the global economy. However, all these measures bring little cheer since action on the ground is missing while lofty targets are being set.

Turning net-zero by 2050 means a time gap of about 30 years. What is required along with these long-term targets is targets for 2030, or even earlier, as well. Coming to the corporate sector, from among these 800 publicly listed companies from the Forbes Global 2000 (including many dealing with fossil fuels), only about half have given interim emissions targets. A large proportion of the companies have not even included net-zero in the company documents. Worse, some companies have been accused of 'greenwashing', which means that the entity concerned is falsely giving an impression that it is working towards decarbonisation.

The sum and substance is that there is a lack of credibility in the way one is announcing net-zero targets, be it a country or a corporate entity.It is estimated that in order to limit the temperature rise to 1.5 degrees by 2100 vis-à-vis pre-industrial levels, we need to lessen the carbon emissions by half by 2030. As of now, there is little chance of achieving this. In fact, we are going in the opposite direction. Going by the International Energy Agency (IEA), carbon dioxide emissions in 2021 was 36.3 gigatonnes (GT) which was 6% more than in 2020 (34.2 GT). Of course, carbon emissions took a dip in 2020 due to the pandemic, but what is significant is that the emissions in 2021 have exceeded the pre-Covid level (36.1 GT in 2019).

The Global Carbon Project has projected that carbon emissions will touch 37.5 GT in 2022. What we really need today is show of commitment towards decarbonisation. The world community is not really convinced that all stakeholders actually mean what they are saying and will move away from sheer rhetoric. Enabling laws on net-zero can be taken seriously if they are backed by more stringent nationally determined contributions (NDCs), which clearly link these to turning net-zero by a defined date. As of now, the NDCs of the world, even if implemented in full, will not limit temperature rise to 1.5-degree C but may ensure a rise by about 2.5-degree C. Further, as already mentioned, along with strengthening of NDCs what is more essential is stating nearer term targets as well, for 2030 or nearer maybe. People taking policy decisions today have to be held accountable instead of speaking of 2050/2060/2070, by which time a set of new policymakers would be in position. https://www.financialexpress.com/opinion/why-legislate-a-net-zero-target/2961087/

17. The country needs a rational crypto regulatory regime *(livemint.com)* Updated: 26 Jan 2023

Virtual digital assets, or VDAs, have emerged in recent years as a global phenomenon, with investors fascinated by their potential, tech firms looking at use cases for blockchain technology with VDAs as equity, and governments apprehensive about their perceived risks to monetary and fiscal policy. VDAs have already gone through three boom-and-bust cycles. Not long ago, around early 2021, expectations had begun to get frothy, as the potential of this technology seemed endless, with tech-savvy experts fervently anticipating how crypto would transform every aspect of society. Investors in crypto appeared to be earning profits that traditional investment could not hope to rival. Even today, despite a crash in crypto prices and the collapse of crypto exchanges like FTX, India's tax-deducted-at-source (TDS) record shows transactions of about ₹6,000 crore, a steep fall year-on-year, but significant nonetheless.

In this nascent ecosystem, India was fast emerging as a global front-runner, with its deep pools of technical talent, a dynamic startup ecosystem and a government that was pursuing a digital revolution on a war-footing. According to a 2022 Nasscom report, 11% of the world's Web3 workers are in India, with a remarkable 138% rise in blockchain and crypto-related jobs since 2018.World-class crypto-products were being developed here. Those exciting days have since come to an early end, partly because crypto exuberance was punctured by a series of scams, but also because our regulatory responses made it untenable. This was exacerbated by friendlier policies in other countries causing a brain-drain and cross-border diversion of investments.

At the start of 2022, India's government was looking to take a cautious approach to the crypto ecosystem. Instead of fashioning a regulatory framework for investments in VDAs with appropriate guard-rails for the protection of investors, it chose to impose a heavy tax burden on crypto transactions.

On 1 February 2022, the government announced two new taxes: the first was a flat 30% tax on any gains from crypto transactions that could not be set off against losses in other crypto transactions; the second was a 1% TDS, effective 1 July 2022, on any transaction over ₹10,000. These measures were disproportionate to the tax regime for other asset classes, like mutual funds and shares, for which the equivalent tax is 15% and a set-off against losses is allowed. These moves were meant to disincentivize people from speculating on crypto assets, while giving the government a mechanism to monitor transactions. But they also delivered a critical blow to the Indian crypto ecosystem, with domestic crypto exchanges faced with decimation as their Indian users shifted to foreign exchanges to avoid scrutiny.

While investors needed to be protected from poorly-managed products and occasionally also outright fraud, the government's tax policy instead of regulation and investor education had an adverse impact on India's entire VDA ecosystem. While Indian VDA exchanges are strengthening systems and processes by introducing KYC norms, educating investors and even resorting to audits to publish proof of reserves, with such a regressive tax structure, there is no way of knowing precisely how effective these self-imposed regulatory measures will be.

How did Indian investors react to the new policy? Evidence suggests that instead of exercising greater caution in trades, many migrated to offshore VDA exchanges that were seen to be shielded from the scanners of revenue officials. As a result, they are now at the mercy of foreign regulatory systems. An estimated half a million Indian investors were impacted by the FTX crash. Regulators like Japan's Financial Services Agency are working on ring-fencing Japanese investors from the FTX fallout. India, however, by starving local VDA exchanges, has lost space to manoeuvre.

Recent experience exposes the fact that by not bringing out regulation to treat crypto as an asset class for investment and instead imposing a disproportionately heavy tax regime, Indian VDA exchanges have lost out, potential new use cases for blockchain being developed have been discouraged, and most importantly, India faces the risk of losing out on a fast-rising Web 3.0 market as investments shift to other destinations.

Indian policymakers and the Reserve Bank of India have taken the stance that VDAs offer no inherent value. While this can be debated endlessly, there is still increasing demand for such assets. The purpose of regulation is to protect investors and not just punish bad investment products.

Despite 2022 being a year of crypto disasters and clean up, it is unlikely that investments in this space will cease entirely. The responsibility of Indian financial regulation, therefore, is to ensure that future investments are guided responsibly and bad outcomes are managed.

While India tries to create a global consensus around VDA regulation, investments must be brought back to Indian exchanges, where they can be monitored effectively. To do so, our hostile taxation regime for cryptocurrencies must be rationalized and brought at par with other asset classes. Regulation should also streamline how crypto exchanges adhere to KYC and anti-money laundering principles, and ask them to publish proof of reserves. This ecosystem needs logical taxation and sensible rules. https://www.livemint.com/opinion/columns/the-country-needs-a-rational-crypto-regulatory-regime-11674751234896.html

18. Direct benefit transfers at Rs 5.14 trn so far this fiscal *(financialexpress.com)* January 27, 2023

The transfer of assorted subsidies and sops to beneficiaries through the direct benefit transfer (DBT) scheme has reached Rs 5.14 trillion so far in the current financial year and the payments are expected to surpass Rs 6.3 trillion achieved in FY22 due to a spike in fertiliser subsidies.

Fertiliser subsidies worth Rs 1.66 trillion have been provided to farmers so far in the current financial year, which is 34% higher than Rs 1.23 trillion figure in the whole of FY22 as input costs and global prices doubled. The Centre's total fertiliser subsidy bill is estimated to be Rs 2.5 trillion for FY23 as against the budget estimate of Rs 1.05 trillion and the actual Rs 1.54 trillion in FY22.

Subsidies worth Rs 1.5 trillion were transferred to beneficiaries via foodgrains under the public distribution system (PDS) in FY23. The food DBT through the PDS is likely to end the year around Rs 2.2 trillion, the same as in FY22.

The elevated food subsidy bill was due to the free grains scheme for nine months in the current fiscal compared with 11 months in FY22.

Additionally, the Centre will give free grains to the National Food Security Act (NFSA) beneficiaries in Q4F23. Among other major schemes, the government's assistance under the Pradhan Mantri Gramin Awas Yojana-Rural (PMAY-R) beneficiaries in FY23 will likely exceed the FY22 number of about Rs 40,000 crore. So far, the government has transferred Rs 34,000 to the beneficiaries.

The DBT system has enabled the government to save significantly on its social sector welfare expenditure through targeted deliveries. The government's cumulative savings on expenditure, thanks to the DBT till FY21-end, was 2.23 trillion.

The jump in the direct benefit transfer from FY19 onwards could be largely attributed to the increased use of Aadhaar-enabled DBT platforms for in-kind food and fertiliser subsidy distribution (see chart).

According to an estimate by the Centre, the Aadhaar-enabled DBT platform helped eliminate 41.1 million fake LPG connections, 39.9 million duplicate ration cards and resulted in 10% savings on wages on account of the deletion of non-existent MGNREGS beneficiaries. https://www.financialexpress.com/economy/direct-benefit-transfers-at-rs-5-14-trn-so-far-this-fiscal/2961096/