NEWS ITEMS ON CAG/ AUDIT REPORTS (26.11.2022 to 28.11.2022)

1. Old Pension Scheme: A Cocktail of Bad Economics and Vote Bank Politics *(businessworld.in)* November 26, 2022

Pension expenditure alone accounts for 12.4 per cent (average of 2017-18 to 2021-22) of total revenue expenditure of the most indebted states

After major controversies and conversations, the Punjab cabinet on November 18 finally cleared the old pension scheme (OPS) for government employees.

In May 2022, two Congress-ruled states – Rajasthan and Chhattisgarh implement the scheme and pledged to restore it in Gujarat and Himachal Pradesh if voted to power.

OPS has become a major political issue in several parts of the country. However, various experts have raised alarm over short-term gains for states, as pension liabilities increase over time and the space for quality expenditure gets curtailed further.

The Central Government in budget announced the winding up of the pay-as-you-go PAYG pension for central government employees and migrate all new employees to the then new pension scheme (NPS) which was a defined contribution scheme (DC). For the states the participation in new pension scheme was on voluntary basis. However, many states beginning 1-Jan-2004 decided to join NPS on the template adopted by NPS. The only state that has so far not joined NPS is West Bengal and Tamil Nadu. 27 states have joined between 2003-05.

Comptroller and Auditor General of India Girish Chandra Murmu on the enactment of OPS by some states said, "The re-establishing of the scheme in some states is financially risky for the governments, the fiscal health of states was a subject that required careful assessment."

Murmu also expressed concern about the “low mobilisation” of state governments’ sources of tax and non-tax revenue.

In the old pension scheme, employees get 50 per cent of their last drawn basic pay plus dearness allowance on retirement.

In a report on the fiscal risks confronting state governments, the Reserve Bank of India's department of economic and policy research stated that pension expenditure alone accounts for 12.4 per cent (average of 2017-18 to 2021-22) of total revenue expenditure of the ten most indebted states (Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, UP and Haryana).

The report also estimated that the pension outgo will continue to be in the range of 0.7-3.0 per cent of GSDP in these states until 2030-31.

The report further stated that as the current state government retirees are primarily the beneficiaries of the old pension scheme, the immediate financial strain will not be felt if the states choose to revert to the old pension scheme.

However, when state government employees who joined after 2004-05 under the NPS begin to retire from 2034 onwards, the cost of such a move will become apparent. https://www.businessworld.in/article/Old-Pension-Scheme-A-Cocktail-Of-Bad-Economics-And-Vote-Bank-Politics-/26-11-2022-455520/

STATES NEWS ITEMS

2. कर्ज से पंजाब-

राजस्थान समेत इन 6 राज्य की वित्तीय सेहत खराब, गुजरात में महंगा न पड़े आप का फ्री वाला वादा *(hindi.asianetnews.com)* Nov 25, 2022

Gujarat Assembly Election 2022: गुजरात विधानसभा चुनाव के बीच सभी पार्टियों ने घोषणा पत्र का ऐलान कर दिया है। कांग्रेस और आम आदमी पार्टी ने जहां मुफ्त चीजें देने पर ज्यादा जोर दिया है, वहीं भाजपा विकास और रोजगार के मुद्दे पर आगे बढ़ रही है। ऐसे में इस बार चुनाव दो पार्टियों के बीच नहीं बल्कि, तीन राजनीतिक दलों के बीच हो गया है।

आम आदमी पार्टी और कांग्रेस ने राज्य में अपने घोषणा पत्र में फ्री वादों की झड़ी लगा रखी है। वहीं, जिन राज्यों में इनकी सरकार है वहां की वित्तीय सेहत अच्छी नहीं है। फिर चाहे वह पंजाब हो या फिर राजस्थान। अगर रिजर्व बैंक ऑफ इंडिया की रिपोर्ट पर गौर करें तो पंजाब, राजस्थान, बिहार, केरल, पश्चिम बंगाल, आंध्र प्रदेश और झारखंड ऐसे राज्य हैं, जिनकी वित्तीय सेहत बिल्कुल अच्छी नहीं है और इन पर कर्ज अदायगी का बोझ लगातार बढ़ता जा रहा है।

बता दें कि पहले चरण की वोटिंग प्रक्रिया के लिए गजट नोटिफिकेशन 5 नवंबर को और दूसरे चरण की वोटिंग प्रक्रिया के लिए 10 नवंबर को जारी हुआ था। स्क्रूटनी पहले चरण के लिए 15 नवंबर को हुई, जबकि दूसरे चरण के लिए 18 नवंबर की तारीख तय थी। नाम वापसी की अंतिम तारीख पहले चरण के लिए 17 नवंबर और दूसरे चरण के लिए 21 नवंबर को हुई। गुजरात विधानसभा चुनाव में दोनों चरणों के लिए नामांकन का दौर समाप्त हो चुका है। राज्य में पहले चरण की वोटिंग 1 दिसंबर को होगी, जबकि दूसरे चरण की वोटिंग 5 दिसंबर को होगी। वहीं, मतगणना दोनों चरणों की 8 दिसंबर को होगी। पहले चरण के लिए नामांकन प्रक्रिया 14 नवंबर अंतिम तारीख थी। दूसरे चरण के लिए नामाकंन प्रक्रिया की अंतिम तारीख 17 नवंबर थी।

मुफ्त वाली योजनाएं गुजरात की वित्तीय सेहत को नुकसान पहुंचाएंगी

हालांकि, गुजरात पर भी कर्ज है, मगर इतना नहीं कि वह अलॉर्मिंग हो। राहत की बात यह भी है कि गुजरात अभी कर्ज के बोझ से दबे और इसकी अदायगी वाली आरबीआई की टॉप 10 लिस्ट में भी शामिल नहीं है। राज्य पर कैग की रिपोर्ट के अनुसार, करीब तीन लाख करोड़

का कर्ज है। यह आंकड़ा भारत के नियंत्रक और महालेखा परीक्षक यानी CAG ने जारी किया है। ऐसे में गुजरात में मुफ्त वाली योजनाएं कर्ज का संकट कम करने की बजाय बढ़ाएंगी।

कर्ज के दलदल में फंसते जा रहे ये राज्य

रिजर्व बैंक ऑफ इंडिया ने अपनी रिपोर्ट में CAG के आंकड़ों का जिक्र करते हुए कहा कि सब्सिडी को लेकर राज्य सरकारों पर खर्च बढ़ता जा रहा है। 2020-21 में इस पर कुल 11.2 प्रतिशत खर्च हुआ तो 2021-22 में यह आंकड़ा बढ़कर 12.9 प्रतिशत हो गया था। सब्सिडी पर जिन राज्यों में खर्च बढ़ा है, उनमें झारखंड, केरल, ओडिशा और तेलंगाना शामिल हैं। वहीं, पंजाब और छत्तीसगढ़ की सरकार ने अपने राजस्व खर्च का दस प्रतिशत से अधिक खर्च सब्सिडी पर कर दिया है। https://hindi.asianetnews.com/election/gujarat-chunav/gujarat-assembly-election-2022-cag-report-debt-on-gujarat-about-3-lakh-crore-apa-rlwhu6

3. GST: केंद्र ने राज्यों को जीएसटी अनुदान के रूप में 17000 करोड़ रुपये जारी किए, महाराष्ट्र को मिले 2000 करोड़ *(amarujala.com)* November 25, 2022

GST Compensation: महाराष्ट्र के उपमुख्यमंत्री देवेंद्र फडणवीस ने वित्त मंत्री निर्मला सीतारमण के साथ हुई प्री-बजट बैठक के बाद कहा कि महाराष्ट्र को जीएसटी अनुदान के रूप में 2000 करोड़ रुपये मिले। कैग की ऑफिट के बाद महाराष्ट्र को 13,000 रुपये और मिलेंगे।

केंद्र सरकार ने राज्यों व केंद्र शासित प्रदेशों के बकाया जीएसटी अनुदान के लिए 17,000 करोड़ रुपये की राशि जारी कर दी है। अप्रैल से जून महीने के लिए यह राशि 24 नवंबर को जारी की गई है। सरकार की ओर से वर्ष 2022-23 में राज्यों और केंद्र शासित प्रदेशों को इस 17,000 करोड़ रुपये की राशि के साथ अब तक 1,15,662 करोड़ रुपये जारी किए जा चुके हैं।

उधर, महाराष्ट्र के उपमुख्यमंत्री देवेंद्र फडणवीस ने वित्त मंत्री निर्मला सीतारमण के साथ हुई प्री-बजट बैठक के बाद कहा कि महाराष्ट्र को जीएसटी अनुदान के रूप में 2000 करोड़ रुपये मिले। कैग की ऑफिट के बाद महाराष्ट्र को 13,000 रुपये और मिलेंगे। https://www.amarujala.com/business/business-diary/centre-has-released-rs-17-000-crores-towards-the-balance-gst-compensation-to-states-ut

4. Deputy CM Devendra Fadnavis says Maha received around Rs 2,000 crore in GST compensation *(lokmattimes.com)* November 26, 2022

Maharashtra deputy chief minister said that state has received around Rs 2,000 crore in Goods and Service Tax (GST) compensation. After the Comptroller and Auditor General of India (CAG) audit, our state will get Rs 13,000 crores more.

Fadnavis was talking to media persons after a pre-budget meeting with Union Finance Minister Nirmala Sitharaman in New Delhi.

The meeting chaired by Finance minister Nirmala Sitharaman, was attended by Union Ministers of state for Finance Pankaj Choudhary and Bhagwat Karad, secretaries of various departments of the union finance ministry, chief economic advisor Anantha Nageswaran, among others. https://www.lokmattimes.com/maharashtra/deputy-cm-devendra-fadnavis-says-maha-received-around-rs-2000-crore-in-gst-compensation/

5. Audit into Covid expenses: CAG team begins visits to ward offices *(indianexpress.com)* November 25, 2022

"The visits are part of a routine procedure, since the audit requires assessment of multiple documents related to expenditure. The CAG team is putting forward its queries in writing and civic officials are filing replies," said an official.

The team from Comptroller and Auditor General (CAG), which is auditing expenses worth Rs 12,000 crore incurred by the BMC during the Covid-19 pandemic, has started visiting local ward offices as part of its probe. Civic officials maintained that the visits were routine.

"The visits are part of a routine procedure, since the audit requires assessment of multiple documents related to expenditure. The CAG team is putting forward its queries in writing and civic officials are filing replies," said an official.

Sources in the BMC said the CAG will also assess documents in wards where Covid-19 jumbo centres were set up. These included E (Byculla), G South (Worli), P South (Goregaon), H East (Bandra East), R North (Dahisar) and T (Mulund) wards.

"Over the last few months, many ward officials have been transferred. Therefore, the CAG team is also trying to reach out to them to get a clear detail on the money spent. Senior civic officials are also reaching out to the retired officials, seeking their cooperation," an official said.

The state had ordered a CAG inquiry on October 31 following allegations that the previous MVA government had indulged in financial malpractices in the name of Covid-19 expenses.

The investigation, which started last week, is likely to continue till December. https://indianexpress.com/article/cities/mumbai/audit-into-covid-expenses-cag-team-begins-visits-to-ward-offices-8290353/

6. OBCC turning into headache for Works Dept *(dailypioneer.com)* 27 November 2022

Odisha: The Works Secretary, who is looking after three departments, seems to be unable to give time to the parent department's affairs. As his supervision is decreasing in the department, many important files are pending and no decision is being taken.

Even court orders, staff promotion and posting are pending and getting delayed. The department's budget planning and other important matters are getting delayed.

An Engineer-in-Chief as the department Secretary could have done a better job. Presently, the department's functioning has gone haywire under the tenure of the present Secretary.

The Works Department's main job is construction and maintenance of infrastructure like roads and buildings. During the present Secretary's tenure, major roads in Bhubaneswar are being shifted to the Urban Development Department. This is a new trend as earlier, roads under the Urban Development and Panchayati Raj and Rural Development Departments were given to the Works Department for construction and maintenance.

Under the Abhada plan, more than Rs 44,215.03 crore has been allocated. The Works Department has given charge to the Odisha Bridge Construction Corporation (OBCC) to execute the project and provide the funds for it. However, instead of the Work Department directly selecting the contractors the OBCC is selecting them. In the process, more than 79 per cent extra is being spent from the State exchequer by the OBCC. This can be revealed if a special audit is conducted.

The OBCC is being headed by a former Engineer-in-Chief, who has been given extension thrice though many efficient and capable Chief Engineers are there in the department. A new MD could have expedited the projects and carried out better supervision or monitoring. Besides, the engineers' association is miffed as the repeated extension is affecting the gradation list of other engineers. It has questioned as to what is the achievement of the OBCC in the last four years.

The transfer of the Works Department budget funds to the OBCC has raised questions on the transparency and effective utilisation as no audit is being carried out by the CAG.

Under the State Government's integrated financial management system, funds are being transferred electronically to the OBCC; so, there is no provision for CAG audit.

So, massive funds are embezzled. Taking advantage of this, consultants are becoming the biggest gainers and making huge profits.

Besides, obviously due to the Secretary's lack of efficiency, infrastructure projects like buildings, multiple purposes, halls, hospitals, schools, stadiums construction are being delayed. The Secretary during reviewing of the projects under the 5T initiative in a bid to hide the loopholes is shifting the blame to others. Three Chief Engineers have been appointed as OSDs though no circular to this effect has been issued. All of them are sitting idle.

The Odisha Engineers' Service Association has demanded that a restructuring of the department be carried out, posts be created, gradation is done and then posting be done. Otherwise, it is a mockery of the Finance Department, the association said. https://www.dailypioneer.com/2022/state-editions/obcc-turning-into-headache-for-works-dept.html

7. Audit diwas celebrations: CAG office in Hyderabad organizes Walkathon *(uniindia.com)* 26 Nov 2022

As part of second Audit Diwas celebrations, the Office of Comptroller and Auditor General (CAG) here on Saturday organised a Walkathon to raise awareness of public towards contributions and achievements of the Supreme Audit Institution of India in public auditing.

During week-long Second Audit Diwas celebrations, poster competitions, quiz programme, cultural programmes, Talent hunt and sports events were conducted.

The week-long celebrations concluded today with a Walkathon.

The Walkathon was flagged off by Ms J J Shobha, Olympian and Arjuna Awardee this morning from AG's Office to NTR Gardens and back.

About 350 employees completed the walk in approximately 45 minutes.

The event was organised under the guidance of M. Subrahmanyam, Director General of Commercial Audit.

Adorned in white T-shirts, the enthusiastic participants showcased their pledge towards ensuring accountability and transparency in public governance.

The passionate and joyful atmosphere of the walkathon also exhibited commitment of the staff to Fit India Movement.

The day and time of the Walkathon was chosen so as to ensure minimum inconvenience to the traffic and the general public.

The Hyderabad Police, Traffic Police and GHMC extended all support to make this walkathon successful. http://www.uniindia.com/audit-diwas-celebrations-cag-office-in-hyderabad-organizes-walkathon/south/news/2868168.html

8. Audit Week Observed in Guwahati as Part of "Audit Diwas" Celebration *(guwahatiplus.com)* Nov 26, 2022

GUWAHATI: From November 21 to 25, 2022, the offices of the Principal Accountant General (A&E) of Assam, the Principal Accountant General (Audit) of Assam, the Director General of Audit, NF Railway, the Director General of Audit (Central), and others working under the auspices of the Comptroller and Auditor General of India (Supreme Audit Institution of India) observed Audit Week. It took place on November 16, 2022, as a part of the "Audit Diwas" celebrations in New Delhi.

On November 21, 2022, an inaugural function was held in the Shimanta Shankardev Kalakhetra International Auditorium to open off the weeklong festivities.

The Director General of Audit, Northeast Frontier Railway, Maligaon, Guwahati, SS. A. Bathew IA&AS, the senior-most IA&AS Officer in Station, oversaw the C&AG's Field Offices' celebrations of Audit Week in Assam.

There was a display of children's drawings as part of Audit Week festivities on the first day. Events including debate and quiz contests, audit walkathons, and outreach programmes in various educational institutions were organised throughout the course of the week. Officers from the department educated students about the C&AG of India's Constitutional provisions, the function of the Indian Audit & Accounts Department, and the auditing procedures and results under India's democratic system.

The Audit Week celebrations concluded on November 25, 2022 with a Prize Distribution Ceremony for the winners of various competitions. https://www.guwahatiplus.com/guwahati/audit-week-observed-in-guwahati-as-part-of-audit-diwas-celebration

9. 'Audit Week' Organised in Guwahati *(nktv.in)* Nov 25, 2022

The Offices of the Principal Accountant General (A&E) Assam, Principal Accountant General (Audit) Assam, Director General of Audit, NF Railway and Director General of Audit (Central) in Guwahati, (Field Offices of the Indian Audit & Accounts Department (IA&AD) in Assam), and working under the aegis of the Comptroller and Auditor General of India (Supreme Audit Institution of India), celebrated AUDIT WEEK from 21st to 25th November 2022, which were a part of the 'Audit Diwas' celebrations, held in New Delhi on 16th November 2022.

Historically, on 16th November, 1860 Sir Edward Drummond took charge as the first Auditor General of India. Every year, the day is commemorated as 'Audit Diwas'.

The objective of 'Audit Diwas' is to mark a day to celebrate the long and illustrious history of the Institution of the C&AG of India, its evolution, recognition of its contribution to governance of the country, re-affirmation of commitment to good practices, personal integrity, and high professional standards. It is also an opportunity to engage with stakeholders and communicate to the citizens of this country about the dedicated service of the IA&AD as a Public Audit Authority.

AUDIT WEEK celebrations by the C&AG's Field Offices in Assam were led by Shri S. A. Bathew IA&AS, Director General of Audit, Northeast Frontier Railway, Maligaon, Guwahati, the senior-most IA&AS Officer in Station.

The week-long celebrations began with an Inaugural Function on 21st November 2022 in Shimanta Shankardev Kalakhetra International Auditorium, where S. A. Bathew gave the Welcome Address, followed by a brief history of the Department by Vinod C, Deputy Accountant General (Audit). Distinguished Guests/Personalities who attended the Inaugural Function were Rajib Sharma, former Deputy Comptroller and Auditor General of India, Mrinal Kanti Choudhury, former Vice-Chancellor, Tezpur University and Mukesh Sahay, former Director General of Police, Assam. All the distinguished guests also addressed the Inaugural Function and gave their views/opinions on the Institution of the Comptroller and Auditor General of India.

As part of the AUDIT WEEK celebrations on the inaugural day, there was an Exhibition of drawings made by children. During the course of the week, events like Debate and Quiz Competitions, Audit Walkathon, Outreach Programmes in different Educational Institutions, where Officers from the Department would enlighten students about Constitutional provisions of the C&AG of India, role of the Indian Audit & Accounts Department, Audit Processes and their outcomes in the democratic set up of our country, etc. were conducted. The AUDIT WEEK celebrations concluded on 25th November 2022 with a Prize Distribution Ceremony for winners of the various competitions. https://www.nktv.in/audit-week-organised-in-guwahati/

SELECTED NEWS ITEMS/ARTICLES FOR READING

10. Government forms panel to look into MGNREGA's efficacy *(thehindu.com)* November 25, 2022

The Central government has constituted a committee to review the implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme, especially to assess the programme's efficacy as a poverty alleviation tool. The committee, headed by former Rural Development secretary Amarjeet Sinha, had its first meeting on November 21, 2022, and has been given three months to submit its suggestions.

The Mahatma Gandhi National Rural Employment Guarantee Act was passed in 2005, and the demand-driven scheme guarantees 100 days of unskilled work per year for every rural household that wants it. There are currently 15.51 crore active workers enrolled under the scheme.

Skill training of MGNREGS workers lags; Centre blames it on the States
The Sinha committee has now been tasked to study the various factors behind demand for MGNREGA work, expenditure trends and inter-State variations, and the composition of work. It will suggest what changes in focus and governance structures are required to make MGNREGA more effective.

"MGNREGA was launched as a poverty alleviation instrument for the rural region, providing them with a safety net in the form of guaranteed work and wages. It was felt that states like Uttar Pradesh and Bihar where there is higher level of poverty, they haven't been able to utilise the scheme optimally," a senior official aware of the developments said.

In 2015, Prime Minister Narendra Modi had famously called MGNREGA as a "living monument of Congress government's failure". In a speech in parliament, he had said, "After so many years in power, all you were able to deliver is for a poor man to dig ditches a few days a month." The scheme has also been criticised by economists like Jagdish Bhagwati and Arvind Panagariya as an "inefficient instrument of shifting income to the poor".

Higher costs
The present committee will also look at the argument that the cost of providing work has also shot up since the scheme first started.

The committee has to review the reasons and recommend ways to bring in a greater focus on poorer areas. "An open-ended scheme such as this will always show sharp contrasts. Bihar, for example, despite its levels of poverty, does not generate enough work to make a concrete difference, and on the other end of spectrum we have Kerala which is economically better but has been utilising it for asset creation. While Bihar needs MGNREGA more, we cannot deny Kerala the money because of the current structure of the programme," one of the committee members explained.

Asset creation

MGNREGA critics also slam the scheme for the lack of tangible asset creation. The committee will study if the composition of work taken up presently under the scheme should be changed. It will review whether it should focus more on community-based assets or individual works.

With four months more to go for the financial year to end, ₹59,420 crore has already been spent out of the ₹73,000 crores sanctioned for the scheme. The Rural Development Ministry has recently asked for an additional sum of ₹25,000 crore from the Finance Ministry for the anticipated expenditure before the financial year ends.

Regardless of all the criticism, MGNREGA acted as a crucial safety net during the COVID pandemic. In the financial year 2020-21, the number of person days of work provided under the scheme rose drastically to 389 crores, in comparison to the previous year's figure of just 265 crore. In 2021-22 too, the demand for MGNREGA work remained high, and 363 crore person days of work were generated. As per the current statistics, 196 crore person days of work have already been generated this year. https://www.thehindu.com/news/national/government-forms-panel-to-look-into-mgnregas-efficacy/article66183754.ece

11. Get carbon markets right *(financialexpress.com)* November 28, 2022

India has outlined its ambitions on developing a domestic carbon market in its new Energy (Conservation) Bill. Carbon trade—in which emission reduction/removal by a party can be converted into credits that can be purchased by an emissions underperformer—is already happening in some form in India. The Perform, Achieve, and Trade (PAT) scheme, involving energy savings certificates to industries that can be traded is one such example. But, a developed, comprehensive carbon market can also be a boon for agriculture, by mainstreaming sustainable agricultural practices and supplementing farm income. Agriculture in India, particularly paddy cultivation done the traditional way, has a heavy greenhouse gas (GHG) footprint. A 2018 study based on rice cultivation by researchers at the US-based Environmental Defense Fund found that the emissions from rice cultivation were vastly underestimated.

Paddy cultivation practices contribute more than 10% of methane emissions globally—methane has a higher warming potential than carbon dioxide though it lives for a much shorter time in the atmosphere—and a whopping third of such emissions in South Asia. In India, a large rice-producer, agricultural methane emissions (including those from livestock) form 75% of the total methane emissions. Paddy cultivation is also responsible for nitrous oxide and carbon dioxide emissions; the former lasts in the atmosphere for a long time and has a larger warming potential than even methane. To that end, a collaboration between the Indian Agricultural Research Institute, The International Wheat and Maize Improvement Centre (CIMMYT), and Mahyco and Indigo Ag—GrowIndigo India—that was announced in March this year is a significant step forward. It will establish a carbon market for farmers who adopt emission reduction practices such as zero stubble-burning, direct seeded rice that brings down methane emissions, no tillage, etc. This will be a major boost for agricultural incomes if it takes off.

But, crucial to this will be the development of robust and well-defined rules, proper tracking of emission reduction, and preventing greenwashing. The potential for India is undeniable, but greenwashing concerns about carbon markets abound. For instance, some experts believe the recently-concluded COP27 featured calls to dilute the COP26 prohibition on double-counting of a certain class of carbon offsets, though others argue designating these as "contributions" instead of credits is an adequate safeguard if the "right provisions are incorporated". Indeed, greenwashing through carbon markets should be a priority concern for a country like India that sees itself as a climate action champion.

An investigative report published by Bloomberg in 2020 found that Nature Conservancy, one of the largest environment groups in the world, had dealt in "meaningless carbon offsets" with large multinationals among its clientele. The problem stems from the fact that there is no robust international standard for carbon accounting, and carbon markets pick from a bouquet of standard-setting by private parties, such as Verra, Gold Standard, etc. Section 14 of India's Energy (Conservation) Bill—which will become law if passed by the Rajya Sabha in December—vests the power with the Union government or any approved agency to set the standards and issue certificates. Along with the Bureau of Energy Efficiency's draft blueprint for the phased introduction of a national Cap-and-Trade system, this should help build credibility with uniformity of standards, but only if the government doesn't end up replicating laxly-defined standards that have allowed carbon markets to keep failing climate action. https://www.financialexpress.com/opinion/get-carbon-markets-right/2893770/

12. Revamping India's Defence Sector *(indiandefencereview.com)* November 26, 2022

The essence of military endeavour in battle is to pose asymmetric threats to which an adversary has no credible response. Such asymmetries can be created through differentials in technology, doctrine or organisation. An example of US technological superiority was on display in the two Gulf Wars and in US operations in Afghanistan, which enabled early success, though a combination of other factors prevented military success from being converted to a political victory. In the Indian context, the nation continues to face both conventional and non-conventional threats from its two inimical neighbours, the threats manifesting the entire spectrum of conflict on land, in the maritime domain, in the air and in space and outer space. This bespeaks the need to have a strong defence architecture to negate all such threats.

A strong defence industrial base is an essential requirement for India's security and well being. A thrust towards this end was made soon after independence in certain key segments in the strategic domain. India's first nuclear reactor, Apsara, which was indigenously designed and built, went into operation on 04 August 1956, with nuclear fuel supplied from the United Kingdom under a lease agreement. Since then, India has made huge strides in the field of nuclear technology. India also initiated space research activities in the early 1960s, and is today an acknowledged space power, with ability to launch multiple satellites—from Low Earth Orbit (LEO) to Geostationary Orbit (GEO) and everything in between. The Indian Space Research Organisation (ISRO), established on 15 August1969, is today, one of the six largest space agencies in the world. It now functions under the Department of Space (DOS) and the Space Commission which were set up in 1972.

India's guided missile development programme is yet another success story. It began in the early 1980s and today, India has developed all types of missile systems including ballistic, cruise, anti-ship, air-defence, air to air and anti-missile systems. From the short range Prithvi

Series surface-to-surface missiles, to the Agni 'V' ICBM, which has been inducted into the armed forces, a whole range of surface to air and air to air missiles are in use by the Indian military. India is one of seven countries in the world with ICBM capability and one of four countries with anti-ballistic missile systems. Since 2016, India has been a member of Missile Technology Control Regime (MTCR).

However, despite having a large defence public sector, there have been serious weaknesses in the indigenous production of land systems, as well as platforms for the Navy and the IAF which has impacted India's defence capability. Since the last seven years, however, we are seeing a distinct change in government policies, which are now aiming to establish a strong and vibrant defence industrial base.

Towards this end, the Finance Minister, in the budget he presented for 2018-2019, announced the setting up of two defence industrial corridors, one in Tamil Nadu and the other in Uttar Pradesh, to achieve self-reliance in the aero-space and defence sectors. Production of defence equipment by the private sector comes with its own set of challenges as the customer base is limited, there is a sensitivity attached to such production, gestation periods are long and they need heavy initial investment to fructify. The progress till date has been slow, largely due to the onset of the pandemic in early 2020. Nonetheless, Tamil Nadu has unveiled its plans to establish an ecosystem to make Tamil Nadu the manufacturing and service hub for the entire aerospace and defence industry of the country, to include both the established large players in the defence sector as well as emerging startups. With the pandemic now receding after the onset of the third wave, a fillip needs to be given to make the defence corridors functional in an early time frame.

In Uttar Pradesh, 1,480 hectares of land have already been acquiredfor the Defence Corridor. With the elections getting over shortly, the next government will have to move with speed and commitment to get the corridor to functionality in an early time frame. As of now, IIT Kanpur and IIT Banaras Hindu University Varanasi have been roped in for establishment of Centres of Excellence related with Defence Industrial Corridor, Brahmos Aerospace has proposed to set up a unit in Lucknow with Rs 300 crore investment to manufacture missiles and a missile manufacturing unit is also proposed to be set up at the Jhansi node. About 90 percent of the land required for the corridor— 1480 hectares—has so far been acquired of which a total of 74 hectares has been allotted to 22 companies in Aligarh, Kanpur and Jhansi. Post the election results in March 2022, the next government will have to work on a war footing to get the corridor to full functionality. Both the defence corridors have the potential to catalyse indigenous production of defence and aerospace-related items and promote growth of private domestic manufacturers, MSMEs and startups in the defence sector.

Self reliance in the aviation sector is vital for India, to reduce its dependency for advanced platforms from external agencies. It was tragic that India abandoned its first indigenous fighter aircraft, the HF 24 Marut, manufactured by HAL, on extraneous grounds. Had we continued to develop the aircraft with upgrades, we could possibly have been one of the major powers in the aviation sector today. There have been delays in the Light Combat Aircraft (LCA) programme that began in the 1980s as a replacement for the MiG-21 fighter aircraft, but the programme has yielded the Tejas fighter—an indigenous fighter aircraft for the IAF and the Navy. This project needs to be fully supported by all the agencies concerned, as only then will India have a viable aviation base. While an additional factory to double aircraft production is being set up, India needs to do much more to enhance production capability as the aircraft has excellent export potential too. The private sector needs to be co-opted in a big way for the supply of components which could assist in increasing production capacity. Alongside, the AMCA (Advanced Medium Combat Aircraft) project also needs to be given greater impetus, as this is India's 5th generation aircraft under development. The Light Combat Helicopter (LCH), developed both for anti-infantry and anti-armour role is another success story as well as the Dhruv—a utility helicopter. Focus now has to be on enhanced production and exports.

But the aviation sector is not only about fighter aircraft. India needs to consider manufacture of passenger aircraft. While it may not be feasible to reinvent the wheel, it could be possible to get a jump start by simply acquiring the IPR of a product which is in the market, such as the Embraer passenger aircraft. Alongside, India could look into supersonic passenger aircrafts—the next generation of passenger aircrafts which will transform aviation. There is a market for commercial travel which can halve the time for long distance flights. Development of such aircraft can transform and redefine the airlines industry as we know it today and it would be to India's advantage to jump on the bandwagon of this exciting new technology.

The defence sector is gradually being opened to the private sector, which is the need of the hour. While a great deal of time and resources have been expended on the public sector, it still lacks the capacity to meet even fifty percent of the requirements of the Armed Forces. To reduce imports, it is vital that the private sector be roped in, in a substantial manner. Great success has been achieved in certain sectors such as the manufacture of artillery guns, where 100 K9 Vajra Self Propelled guns have already been delivered to the Indian Army. These guns were manufactured by L&T in collaboration with Hanwha Defence of South Korea. The ATAGS (Advanced Towed Artillery Gun System), produced by DRDO in collaboration with Bharat Forge, Tata Power SED and Mahindra Defence Naval System, has been approved for procurement by the Indian Army. It is important that the Indian Army continues with the indigenous route, for only then can the local industry be enabled. Over time, we need to develop own IP for all platforms for the mechanised forces, artillery guns, drones, radars, communication equipment, etc, and the private sector can play an important role in such development.

There is also a need to enable the growth of the SMEs and MSMEs (Micro, Small and Medium Enterprises). Here, it would be instructive to look into the Mittelstand Model. These were small family owned businesses which achieved unprecedented efficiencies by designing a business model with a razor-thin focus and learning to do the one thing really well. Most importantly, they were given an enabling environment by the Government, and these small enterprises soon became world leaders. The strategy adopted was global niche dominance and world class performance in core sectors. While the Government of India is keen to promote the growth of the SME and MSME sectors, the enabling environment will have to be created by the bureaucracy which must be in sync with the larger aims of creating a strong defence industrial base.

Two additional issues need attention. What India needs is technology, but as of now, there is no institutionalised approach to acquiring the same. Structures for the same need to be built for acquiring strategic technologies. The second issue pertains to leadership. The Ordnance Factory Board has been dissolved and the 41 ordnance factories it controlled have been converted into seven defence public sector undertakings (DPSU). These seven new DPSUs to be effective cannot be run on the leadership style as existed earlier. Perhaps the time has come to infuse them with leadership from the corporate world, injecting into the system fresh ideas and accountability and a work culture which is focussed on results, output and profitability. If the seven new DPSUs can be made to perform like the private sector, it will give a huge boost to the Atmanirbhar Programme in the defence sector, especially as the government has opened the defence sector to exports. If India can export the BrahMos missile to Philippines, then there is really no bar to export any other piece of defence equipment to friendly countries.

In conclusion, a lot of enabling legislation has been made and the private sector is gradually becoming an important player in India's defence sector. There is an underlying sense of optimism, but ultimately, the user, that is the Armed Forces, the manufacturer, the research organisations and the decision makers—the political and bureaucratic authority, will have to work with each other in a spirit of cooperation, to achieve the desired results. Synergy between these components will act as a force multiplier and will enable India to be a major player in the defence segment within a decade. http://www.indiandefencereview.com/spotlights/revamping-indias-defence-sector/

13. US-France competition heats up for fighter jets to deck INS *Vikrant (business-standard.com)* November 28, 2022

The intense competition between US aerospace giant Boeing and French major Dassault Aviation to deck their fighter jets on India's first indigenously designed and built aircraft carrier INS Vikrant seems to have heated up.

On Sunday, French Defence Minister Sebastien Lecornu will begin his first official visit to India by boarding INS Vikrant in Kochi to "highlight the importance" of Indo-French naval cooperation for security and stability in the Indo-Pacific.

France is offering Dassault Aviation's Rafale maritime fighter for carrier operations on the largest ship ever built in the maritime history of India.

Rafale-M carrier-borne fighters also currently operate from the flight deck of the nuclear-powered aircraft carrier Charles de Gaulle, the flagship of the French Navy Marine Nationale.

On the other hand, Washington is pitching Boeing's F/A-18 Super Hornet Block III to the Indian Navy calling it as the most advanced, combat-proven, multi-role frontline naval fighter.

Only last week, spotlighting that the US-India defence partnership remains a pillar of a free and open Indo-Pacific region, U.S. Secretary of Navy Carlos Del Toro landed in Kochi to visit the Indian Navy's Southern Naval Command and tour the Indigenous Aircraft Carrier (IAC).

Having got "incredibly impressed" with the state-of-the-art aircraft carrier, the top US official said that it enables India to join the elite group of five nations to have built an aircraft carrier and demonstrates a continued commitment to improve sea control capabilities.

"I am looking forward to our U.S. Navy ships operating with Vikrant in the foreseeable future where we will we continue to leverage a foundation of shared values and mutual interests in order to maintain the international norms that ensure not only Indian and U.S. national security, but our economic security," he said in a statement issued after returning home.

INS Vikrant has been built with high degree of automation for machinery operation, ship navigation and survivability, and has been designed to accommodate an assortment of fixed wing and rotary aircraft.

The warship would be capable of operating air wing consisting of 30 aircraft comprising of MIG-29K fighter jets, Kamov-31, MH-60R multi-role helicopters, in addition to indigenously manufactured Advanced Light Helicopters (ALH) and Light Combat Aircraft (LCA) (Navy).

Using a novel aircraft operation mode known as STOBAR (Short Take-Off but Arrested Landing), the IAC is equipped with a ski-jump for launching aircraft, and a set of 'arrester wires' for their recovery onboard.

According to Boeing, designed from its inception for carrier operations, the Super Hornet can operate from Indian Navy aircraft carriers and meets STOBAR performance requirements.

As the U.S. Navy's frontline fighter with over 800 aircraft delivered around the world, the Block III Super Hornet is already being deployed to the U.S. Navy. The company says that work is underway to upgrade over 500 Super Hornets to the latest Block III variant, which offers opportunities for cooperation in naval aviation between the United States and Indian navies, acting as a force multiplier for the Indian Navy as it interfaces with assets such as the P-8I.

The F/A-18 Super Hornet, says Boeing, is fully compliant with INS Vikramaditya and INS Vikrant aircraft carrier and will be able to operate on the deck, in the hangar and on the lifts of the Indian Navy's aircraft carriers.

As the Indian Air Force (IAF) adds the 36th fighter jet to its Rafale fleet next month completing the acquisition, Paris too is ready to enhance bilateral defence cooperation in the military aeronautical sector with New Delhi while highlighting the operational performance, technological quality and competitiveness of its aerospace industry.

Showcasing its ability to carry out operations from the Indian aircraft carriers, Dassault Aviation's Rafale-M had flown from the Shore-based Test Facility (SBTF) at Goa's Hansa naval air station, in January earlier this year.

In line with Atmanirbhar Bharat policy, France is also working towards establishing a full-fledged aero-defence manufacturing eco-system in India with the setting up of a manufacturing facility in the Mihan SEZ adjoining Nagpur International Airport.

Interestingly, the Rafale entered service with the French Navy in 2004 and with the French Air Force in 2006.

Just like Del Toro, Lecornu too would participate in high-level meetings in New Delhi, calling on National Security Adviser Ajit Doval, Defence Minister Rajnath Singh and External Affairs Minister S. Jaishankar.

"The Armed Forces Minister's visit to India reaffirms France's engagement in the Indo-Pacific and India's centrality in the French strategy for the region," said the French Defence Ministry on Friday.

"It comes in a year that has seen an acceleration of the French and Indian armed forces' endeavours towards even greater interoperability through joint air, navy, and army exercises, such as IMEX 22 (March), Varuna (March-April), and the recently-concluded Garuda (October-November)," it added. https://www.business-standard.com/article/current-affairs/us-france-competition-heats-up-for-fighter-jets-to-deck-ins-vikrant-122112800354_1.html

14. How sovereign green bonds can help finance India's climate action *(scroll.in)* November 27, 2022

Moving a step ahead towards boosting investor confidence in financing climate action, the Government of India has developed a framework for Sovereign Green Bonds, in which it defines the 'green' sector and the process to ensure that investments will be directed to it. The government has sought an independent Second Party Opinion on this framework to establish its credibility. However, the Second Party Opinion has underlined some loopholes in the framework.

With the increasing need for financing climate mitigation and adaptation activities, several governments, globally, have issued sovereign green bonds. A sovereign green bond is a debt instrument issued by the central or state government to borrow money from investors with the commitment that the mobilised fund will be spent on climate or eco-system related activities.

This phenomenon began in 2016 with the Poland government issuing its first sovereign green bond. As many as 38 central governments that have issued green bonds so far, have published a green bond framework as of September. If a government issues a sovereign green bonds, especially the first one, it improves the overall standard of green issuance across the nation, according to Bank for International Settlements. Other companies also begin following the standard set by the initial sovereign green bonds.

The Sovereign Green Bonds framework in India was released on November 9, one and a half months after the announcement of capital mobilisation through sovereign green bonds. The need for such a framework is highlighted in the fact that India's climate actions are largely financed from domestic resources so far and it is now targeting global financial resources as well. Sovereign Green Bonds issuances under the framework will help the government tap funds from potential investors for public sector projects to reduce carbon intensity which is a measure of greenhouse gases emitted per unit of electricity produced.

The framework underlines how the government plans to use this money. It says that all eligible green expenditures will include public expenditure in the form of investment, subsidies, grants-in-aid or tax foregone, research and development expenditures in public sector projects that help reduce the economy's carbon intensity.

Responding to the development, the Chief of Programmes at Shakti Sustainable Energy Foundation, Koyel Mandal told Mongabay-India that it is a welcome step that the government has taken by issuing a sovereign bond because the country has not had one so far. "It will be the first sovereign, so I think it is important to lay the foundation. There is a lot of mistrust and green-washing in the sector. So, it is good to put credibility standards and create a framework for green bonds," he says.

When asked about the Green Bond Framework and the Second Party Opinion, Neha Kumar, Head of the India programme, Climate Bond Initiative, which works to mobilise global capital for climate action, praised the framework released by the government, saying that it is simple and clear to understand and takes a long-term view.

It is also great that the green bond framework includes adaptation and does not just focus on mitigation-related activities, because the state has a huge role to play in financing adaptation where the private sector has been slow to come in, she said.

The blueprint

The framework draws a blueprint for investments in the green sector, including how to ensure transparency in picking green projects. It also outlines how the government will monitor the investments.

Green projects, according to the framework, include renewable energy, energy efficiency, clean transportation, climate change adaptation, green building, sustainable management of living natural resources and land use, sustainable water and waste management, pollution prevention and control, and terrestrial and aquatic biodiversity conservation projects.

The framework deals with each sector separately and lists activities that need to be focussed on to achieve the larger purpose of sovereign green bonds. For example, in the renewable category, the framework lists activities such as investment in solar, wind, biomass, and hydropower energy projects that integrate energy generation and storage. It also includes incentivising the adoption of renewable energy. Similarly, in the energy efficiency category, the framework lists the construction of low-carbon buildings and energy-efficiency retrofits to existing buildings, along with other activities.

Projects aimed at making infrastructure more resilient are part of the adaptation category, which includes investments in information support systems, such as climate observation and early warning systems.

Under sustainable management of living natural resources and land use, activities such as fishery and aquaculture, animal husbandry, sustainable forestry management, and certified organic farming are mentioned.

Projects relating to coastal and marine environments and biodiversity preservation, like the conservation of endangered species, habitats, and ecosystems, are listed under the terrestrial and aquatic biodiversity conservation category. Similarly, soil remediation, greenhouse gas control, waste management, waste prevention, waste recycling, and waste reduction fall into activities where these funds could be invested.

With the increase in investment in these sectors through sovereign green bonds, the government claims to achieve several objectives, such as climate change mitigation, net-zero, climate change adaptation, environment protection, and natural resource conservation.

The framework also lists sectors which are completely no-go areas for sovereign green bond.

Along with fossil fuel, the government bars nuclear power generation, direct waste incineration, alcohol, weapons, tobacco, gaming, or palm oil industries etc. Similarly, renewable energy projects generating energy from biomass using feedstock originating from protected areas, landfill projects and hydropower plants larger than 25 megawatts will not get the investment from sovereign green bond funds.

For evaluating and selecting a particular project, the framework talks about a Green Finance Working Committee. The concerned ministry will do the initial evaluation of the project in consultation with experts. Subsequently, the proposal will go to Green Finance Working Committee. It will comprise the Chief Economic Advisor (Chair), Additional Secretary, Infrastructure Finance Secretariat, the Ministry of Environment, Forest and Climate Change, the Ministry of New and Renewable Energy, a climate specialist from NITI Aayog, the Ministry of Finance and any other ministry co-opted from time to time as its members.

For transparency, the framework talks about the allocation report, which will be updated annually. The allocation and utilisation of green bonds will also be under the purview of the Comptroller and Auditor General.

As per the official document, CICERO, an Oslo-based second opinion provider of green bond frameworks, has reviewed India’s green bond framework and approved its alignment with the International Capital Market Association’s Green Bond Principles. In the absence of any legal framework, the world community follows the International Capital Market Association’s principles to evaluate green bond standards.

When asked about the governance details outlined in the framework and whether it serves the purpose of transparency, an expert requesting anonymity says that the framework does well on the governance part by forming a committee. However, there is limited space for external views which could have been sought when finalising the projects by the approving committee. This would have brought a wealth of national and international experience, making the process very efficient and effective, says the expert, citing the example of France and UK which have roped in external experts in the process of green bond issuances.

Shantanu Srivastava, an energy finance analyst from Institute for Energy Economics and Financial Analysis pinpoints a few misses. One of the major misses is the framework considers funding the expansion of compressed natural gas infrastructure. “Such a provision risks diluting the framework’s credibility as compressed natural gas is a fossil fuel that cannot be considered green. Serious environmental, social and governance investors will consider this a red flag,” he writes in an analysis for Institute for Energy Economics and Financial Analysis, adding that there is a lack of clarity about the use of unallocated funds and whether the fund will refinance existing projects.

Miles to go

In its review, CICERO categorises the framework as ‘medium green’, raising several questions. In its Shades Of Green methodology, ‘medium green’ is allocated to projects and solutions that represent a significant step towards the long-term vision but are not quite there yet. ‘Dark green’ is given to those projects that correspond to the long-term vision of a low-carbon and climate-resilient future. And ‘light green’ represents the transition activities that do not lock in emissions.

While evaluating India’s framework, CICERO has given dark or medium-to-dark green for renewable energy, energy efficiency, clean transportation, and adaptation categories. But, categories like sustainable water and waste management, pollution prevention and control, and others have received light or light to medium green.

The agency lists the strengths of the framework, such as it reflects India’s ambitions to expand renewable energy production and reduce its economy’s carbon intensity.

The agency also lists some of the pitfalls with the framework by saying that the principles for selecting green projects remain general. The broadly defined project categories create uncertainty about what type of expenditures could be financed and broader climate risks associated with spending. The framework's project categories generally lack quantified thresholds.

The Second Party Opinion has raised concerns that the framework may support expenditures related to biofuels, solid biomass, and bioenergy plants with inherently wider climate risks. There are other risks too, it notes, pointing out that the expenditures eligible under the framework may support the substitution of natural forests with monoculture plantations, which are less biodiverse and less resilient to climate change.

Mongabay-India reached out to CICERO to understand the framework's evaluation process, but Christa Clapp, co-founder and managing partner of the company, cited confidentiality terms with clients. However, she shared the general process of an independent review saying, "It begins with reviewing documents provided by the issuer and analysing according to our Shades of Green methodology." CICERO's Shades of Green has evaluated many (at least six) sovereign bonds, she claims.

Echoing the Second Party Opinion's findings, Kumar of the Climate Bond initiative points out that many of the framework's eligible project categories do not specify exact criteria.

Given that the Second Party Opinion has raised concerns about the framework in its present form, what should India's next steps be? Kumar replies, "This is India's first issuance. We have to engage with the investors with the best we have and it is possible to do so. This is our opportunity to build investor confidence in our green growth story. This issuance will also be watched by industry and many domestic and international stakeholders."

"First and foremost, we need to harvest maximum benefits out of this issuance. I hope that this first issuance focuses more on project categories which are dark green, which are able to match the market gold standard recognised by investors. The option to certify is also quite open for the government to consider. That is a great engagement tool and builds investor confidence. In essence, the first issuance must be as robust and neat as possible to meet investor expectations, get preferential terms and actually, set the local markets rolling and build a robust programme of issuance as we go along," she says. https://scroll.in/article/1038141/how-sovereign-green-bonds-can-help-finance-indias-climate-action

15. Deptof Expenditure favours ending free foodgrain scheme *(livemint.com)* November 26, 2022

The department of expenditure will likely recommend halting the pandemic-era free foodgrain programme to support the poor to ease the strain on government finances and stick to the current year's fiscal deficit of 6.4% of GDP.

The government has already allocated ₹1.2 trillion more than it budgeted for food subsidies because of the extension of the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). The scheme provides 5kg of free foodgrain to 800 million households to cushion the poor from the pandemic's blow.

The free food programme rolled out in 2020 has been extended several times, with the latest announced in September, when the government extended the scheme by three months to 31 December. The extension will cost the exchequer an additional ₹44,762 crore, taking the total food subsidy bill this year to ₹3.31 trillion compared with the ₹2.07 trillion budgeted for the year.

“There is a strong case not to extend the free foodgrain scheme further, given the fiscal position. A final call, however, is yet to be taken," said a government official.

He added that the rising spending on fertilizer subsidies and food would mean that the Centre would have to curtail spending under the revenue expenditure head.

The additional free grains are over and above the quota provided under the National Food Security Act (NFSA), which provides 25kg of foodgrain at a subsidized rate of just ₹2 per kg.

“No doubt, extending the free food grain scheme to beneficiaries will impact fiscal arithmetic. Both real growth and inflation are expected to decline in the second half, and revenue growth in the second half is unlikely to match the first half’s. Despite strong revenue growth so far in this fiscal, higher than budgeted expenditure on account of fertilizer subsidy is also putting pressure on FY23 fiscal arithmetic," said Devendra Kumar Pant, chief economist of India Ratings and Research.

The record depreciation of the rupee against the dollar is likely to result in the ballooning of the fertilizer subsidy bill for the current fiscal.

While the budget had allocated ₹1.05 trillion towards fertilizer subsidy, finance minister Nirmala Sitharaman had in May announced providing an additional fertilizer subsidy of ₹1.1 trillion to further cushion farmers from the price rise.

The government is expecting the fertilizer bill to rise to over ₹2.2 trillion for this fiscal. Queries emailed to the spokesperson for the finance ministry on Friday morning remained unanswered till press time.

“If the free foodgrain scheme is not extended further, we expect the fiscal deficit to be restricted to 6.4% of GDP, given our estimates of nominal GDP for FY23, which exceed the conservative forecast that had been included in the budget," said Aditi Nayar, chief economist, ICRA Ltd

The Centre’s additional expenditure burden, led by the extension of the free foodgrain scheme, rupee depreciation, and decline in the excise duty revenue has strained finances for the current fiscal.

However, the government is relying on higher-than-expected nominal GDP growth at close to 14% compared to the 11.1% estimated in the budget to achieve the fiscal deficit ratio of 6.4% of GDP, even as there may be a slippage in the absolute fiscal deficit number of ₹16.6 trillion estimated for FY23.

The government contained the fiscal deficit for FY22 to 6.7% of gross domestic product, better than the 6.9% estimated in the budget, largely on the back of a higher-than-expected revenue mop-up and a higher-than-expected nominal GDP growth, which is the denominator.

The fiscal deficit arises when government spending exceeds its revenues. Madan Sabnavis, chief economist of Bank of Baroda, said that given the rather tenuous fiscal state, there is definitely a case for not extending the free food scheme as things are back to normal.

“The problem with most free schemes is that they become hard to withdraw once people are used to it. This will be a challenge going ahead. The same holds for the PM-Kisan Scheme," he said.

With the government having to do the heavy lifting on capex and an expected slowdown in revenue, especially GST and corporate tax, next year, it will be necessary to prioritize schemes that are socially relevant but economically unviable, given the commitment to the fiscal path, Sabnavis added. https://www.livemint.com/economy/deptofexpenditure-favours-ending-free-foodgrain-scheme-11669396746628.html

16. Road transport and highways sector has maximum number of delayed projects: Govt report *(financialexpress.com)* November 27, 2022

The road transport and highways sector has the maximum number of delayed projects at 243, followed by railways at 114 and the petroleum sector at 89, showed a government report.

In the road transport and highways sector, 243 out of 826 projects are delayed. In railways, out of 173 projects, 114 are delayed, while in petroleum sector, 89 out of 142 projects are delayed, as per the latest flash report on infrastructure projects for October 2022.

The Infrastructure and Project Monitoring Division (IPMD) is mandated to monitor central sector infrastructure projects costing Rs 150 crore and above based on the information provided on the Online Computerised Monitoring System (OCMS) by the project implementing agencies.

The IPMD comes under the Ministry of Statistics and Programme Implementation.

The report showed that the Muneerabad-Mahaboobnagar rail project is the most-delayed project. It is delayed by 276 months.

The second-most delayed project is the Udhampur-Srinagar-Baramulla rail project which is delayed by 247 months.

The third-most delayed project, Belapur-Seawood-Urban Electrified Double Line, is delayed by 228 months.

The Flash Report for October 2022 contains information on the status of the 1,521 central sector infrastructure projects costing Rs 150 crore and above.

During the reference month (October), out of 1,521 projects, nine have been added and 10 projects (9 road projects and one related to urban development) have been completed.

As many as 642 projects are delayed with respect to their original schedules and 79 projects have reported additional delays vis-à-vis their date of completion reported in the previous month. Of these 79 projects, 32 are mega projects costing Rs 1,000 crore and above. https://www.financialexpress.com/infrastructure/roadways/road-transport-and-highways-sector-has-maximum-number-of-delayed-projects-govt-report-2/2893391/

17. S&P cuts India's GDP growth forecast for FY23 *(livemint.com)* Updated: Nov 28, 2022

S&P Global Ratings has cut India's economic growth forecast for current fiscal year to 7%, but said the domestic demand-led economy will be less impacted by the global slowdown, it said on Monday. S&P had in September projected the Indian economy to grow 7.3% in 2022-23 and 6.5% in next fiscal year (2023-24).

"The global slowdown will have less impact on domestic demand-led economies such as India... India's output will expand 7 per cent in fiscal year 2022-2023 and 6 per cent in next fiscal year," S&P Global Ratings Asia-Pacific chief economist Louis Kuijs said.

S&P joins a host of agencies which have slashed India's economic growth projections for current fiscal year citing slowdown in global economy, Russia-Ukraine war, besides rising interest rates and inflation domestically.

Goldman Sachs Group Inc. sees India's economic growth slowing next year, citing a hit to consumer demand from higher borrowing costs and fading benefits from pandemic reopening, while lowering its growth forecast. Gross domestic product (GDP) may expand by 5.9% in calendar year 2023 from an estimated 6.9% this year, Goldman said in a report last week.

"Growth will likely be a tale of two halves, with a slower first half as the reopening boost fades, and monetary tightening weighs on domestic demand.. In the second half, growth is likely to re-accelerate as global growth recovers, drag from net exports diminishes, and investment cycle picks up," the note stated. Goldman sees a pickup in investment cycle toward the second-half of 2023 aiding India's growth rebound.

While the World Bank has pared its growth estimate for India by 100 basis points to 6.5%, IMF has trimmed it to 6.8% from 7.4%. Asian Development Bank too has cut projection to 7% from 7.5% earlier. RBI expects economic growth to be at 7% in current fiscal year.

India's wholesale and retail inflation fell in October after remaining high for most part of the year mainly due to supply chain disruptions following the outbreak of the Russia-Ukraine war in February.

Global rating agency Moody's Investors Service also slashed India's economic growth forecast for 2022 to 7%, from 7.7% estimated earlier, citing monetary policy tightening, higher inflation, uneven distribution of monsoon, and slowing global growth. https://www.livemint.com/news/india/sp-cuts-india-s-gdp-growth-forecast-for-fy23-11669618166745.html

18. Delhi has spent Rs 250 crore to remove its trash hills. Why are they still standing tall? *(newslaundry.com)* Updated: Nov 28, 2022

Over the last three years, the Municipal Corporation of Delhi has spent a whopping Rs 275 crore to flatten the three landfills in Ghazipur, Bhalswa and Okhla, but their height has remained almost unchanged during this period, according to data provided by several government agencies to the National Green Tribunal.

These trash towers have now become sites of a tense political battle between the Aam Aadmi Party government in Delhi and the BJP-led civic agencies ahead of the Delhi municipal polls, with both parties accusing each other of mismanagement or lack of funds. However, when the NGT ordered biomining of legacy waste here in 2019, the tribunal had said it was the civic agencies' primary responsibility to manage waste.

In October, a drone survey report – submitted by the Delhi Pollution Control Committee to the NGT – revealed that the height of the Ghazipur landfill was 67 metres at the 200-metre baseline level, a slight increase as compared to 65 metres in 2019. Similarly, the Bhalswa dumpsite stood 62-metre tall, slightly shrinking from 65 metres in 2019.

The deadline to remediate, or flatten, the landfills is not too far. Considering action plans submitted by Delhi's civic agencies to the NGT, Ghazipur is to achieve complete remediation by December 2024, and Bhalswa and Okhla by December and March next year, respectively.

However, MCD PRO Amit Kumar said "it's not like the height has not been reduced altogether". "I am not denying the height of the landfill at some point is 65 metres, but one has to understand that these landfills are spread over a massive piece of land," he added. "Suppose there is a trommel machine installed on the base, then the garbage from above would be brought there for biomining. That's how the height of some portions of it gets reduced."

Why the towers stand tall

Delhi generates around 11,000 metric tonnes of fresh waste every day, of which 8,213 MT are processed – through waste to energy band and composting and material recovery facilities by the civic agencies – while the rest makes its way to the landfills, eventually turning into legacy waste, according to Kumar.

This is besides the 203 metric lakh tonnes of legacy waste – down from 280 MT in 2019, according to the office of the lieutenant governor – that already exists at these sites. Only 10,000 tonnes are being biomined each day by the 40 trommel machines operational at the landfills. Installed by the MCD after the NGT's intervention in 2019, these devices separate the trash into three components: plastic and combustibles, construction and demolition waste, and inert material.

Legacy waste is the solid waste lying in the landfills for decades, as compared to fresh waste generated by the city each day.

While the LG's office claimed that 26.1 lakh MT of legacy waste was disposed of between May and September, the DPCC report states otherwise. The DPCC said that 59.03 MT had been cleared during this period: 13.21 of the total 140 lakh MT in Ghazipur, 26.18 of the 80 lakh in Bhalswa and 19.64 lakh MT of the total 60 lakh in Okhla.

But the height of the towers has not reduced over the past three years.

"This means the amount of waste sent to the landfills every day is higher than the waste being taken out for remediation," said Chandra Bhushan, president of the International Forum for Environment, Sustainability and Technology.

Kumar said the Delhi civic agency is in the process of increasing the processing capacity for fresh waste. “Soon, a new MRF plant with a capacity of 150 tonnes per day will start. Further, 150 zero-waste colonies will also be there in the city soon. These two efforts will increase the daily processing capacity by nearly 1,000 more tonnes.”

According to a report submitted to the NGT in 2019 by a panel that tried to understand the environmental impact of the landfills, the water in borewells near Bhalswa and Ghazipur had cadmium, copper, chlorides and total dissolved solids beyond the permissible limit.

No budget for landfills

Between 2016 and 2021, the three erstwhile civic bodies of Delhi together spent Rs 11,750 crore on sanitation and cleanliness, but without any specific allocation for the flattening of landfills in the sanitary budget. This is despite sanitation forming the highest share of their total budget at 30 percent, according to audit reports of the 2018-19 budgets of the three erstwhile civic bodies.

A significant chunk of the sanitary budget was spent towards salaries, taking away 43.4 and 98.16 percent of expenditure under this category during this period in the North and East Delhi municipal corporations, respectively, according to the audit report.

In the EDMC’s case, it also failed to spend the Rs 26.13 crore it received for the closure of Ghazipur landfill by the Delhi government. The agency is yet to respond to Newslaundry’s request for comment.

MCD PRO Kumar, however, maintained that his agency has so far spent Rs 250 crore it received under an escrow account – a contractual arrangement to tackle the landfills in which an amount is contributed by the Delhi government and municipal bodies – and Rs 25 crore it got under the Swachh Bharat Mission. This Rs 275 crore was mostly spent on bioremediation, carried out by trommel machines, and disposal of biomined waste.

“This year, the MCD received Rs 874 crore under the Swachh Bharat Mission for the flattening of landfills. Of this, Rs 500 crore has already been released,” Kumar said.

But Bhushan pointed out that the problem cannot be resolved without a change in approach and execution. “Delhi’s waste problem cannot be solved in a centralised facility. It cannot be solved until there is a decentralised waste management system.”

He also pointed to the abundance of inert material, a component produced after biomining, at these landfills. “Inert matter comprises at least 40 percent of Delhi’s waste. Even if they clear up the landfills, where will this inert matter go? If these are not utilised, they will be dumped on the same site. Which means that the height of the landfill will still remain one-third of what it is right now.” https://www.newslaundry.com/2022/11/28/delhi-has-spent-rs-250-crore-to-remove-its-trash-hills-why-are-they-still-standing-tall

19. Report: 'Grave lapses' in building 2k classrooms *(timesofindia.indiatimes.com)* Updated: Nov 26, 2022

NEW DELHI: The Delhi government's directorate of vigilance has submitted a report to chief secretary Naresh Kumar, alleging "grave irregularities" in the construction of 2,405 classrooms in 193 state-run schools. Sources said the report, which was prepared after seeking responses from the education and public works departments (PWD), has recommended a "detailed investigation by a specialised agency".

It has also recommended "fixing of responsibilities" of officials of the two departments, who were allegedly involved in the bungling of nearly Rs 1,300 crore, and suggested forwarding the findings, along with the replies of both departments, to the Central Vigilance Commission (CVC) for consideration.

Deputy chief minister Manish Sisodia alleged that the FIR, the chargesheet and the vigilance reports were written at the BJP headquarters. "That's why the Delhi government is not even aware of a report sent by the vigilance department to the chief secretary, but the media has information about it," he said.

The vigilance department conducted the investigation on a complaint submitted to it on August 22, 2022, referring to the CVC report of February 2020, which highlighted "glaring irregularities" in the construction of additional classrooms by PWD. Sources said CVC had sent the report the same month to the directorate of vigilance seeking its comments, but the AAP government allegedly sat over it for two and a half years until lieutenant governor VK Saxena asked the chief secretary to inquire the delay this August.

Apart from several alleged procedural lapses and violation of rules and manuals to tamper with the tender process, the directorate report, which has been accessed by TOI, has underlined the role of some private people who, allegedly without any locus standi, not only attended a crucial meeting held in June 2016 but also allegedly influenced the minister in-charge to make post-tender changes in the work contracts in the name of "richer specifications", which caused additional financial implications of Rs 205.45 crore.

"Extra constitutional agencies/persons were running the administration and dictating terms and conditions to the officers and the entire administration - both at policy as well as execution levels - was implementing such directions ... against TBR (Transaction of Business Rules), 1993, and other rules, regulations and guidelines, besides being a serious threat to securities aspect," the report read. "This kind of approach will lead to administrative anarchy and chaos," it added.

In its February 2020 report, CVC said the awarded contract value allegedly varied between 17% and 90% on account of "richer specifications" in comparison with tenders floated for the work originally proposed and approved. The cost escalation of Rs 326.25 crore, which was allegedly 53% higher than the awarded amount of tender, construction of 1,214 toilet blocks in 194 schools against the required 160, and counting toilets and projecting them as classrooms by the Delhi government were some other alleged lapses.

While the sanctioned amount for the project was Rs 989.26 crore and the award value of all tenders was Rs 860.63 crore, the actual expenditure incurred by the government went up to Rs 1,315.57 crore, CVC had said, adding that no fresh tender was called to carry out additional work and several of them were left incomplete.

"The central agency had highlighted gross violation of general financial rules, CPWD Works Manual and CVC guidelines," said a source. https://timesofindia.indiatimes.com/india/report-grave-lapses-in-building-2k-classrooms/articleshow/95774918.cms?from=mdr

20. Odisha to Spend Rs 1,100 Crore for FIH Men's Hockey World Cup 2023 *(news18.com)* Nov 27, 2022

The Odisha government has estimated to spend nearly Rs 1,100 crore for organising the FIH Men's Hockey World Cup in January 2023.

The state government had invested only Rs 66.98 crore in hosting the last Hockey World Cup in 2018. However, this time, the outlay has been enhanced by 16 times to Rs 1,098.40 crore.

In 2018, the World Cup matches were organised only in Bhubaneswar's Kalinga Hockey stadium. However, this time, Rourkela's newly constructed Birsa Munda Hockey Stadium will share the hosting with Bhubaneswar.

According to official sources, out of the total outlay of Rs 1,098.40 crore, the state is spending Rs 1,010 crore in the development of the Birsa Munda Hockey stadium and peripheral area in Rourkela city.

The highest amount of Rs 875.78 crore is being invested in the building of the new stadium at Rourkela, which is at the final stage of construction. While Rs 84 crore is being spent on the construction of accommodation buildings, Rs 10.50 crore is earmarked for peripheral development work in Rourkela and Rs 13 crore for electrical works in Birsa Munda Hockey stadium.

Similarly, the government has provided Rs 17.50 crore to Hockey India for putting synthetic turfs in both Rourkela and Bhubaneswar stadiums.

The government will also spend Rs 75 crore on venue management, accommodation, transportation and media publicity.

Besides, the state will spend Rs 9.15 crore on the development of a swimming pool in Rourkela, Rs 5.39 crore for installing flood light in Kalinga stadium and Rs 8 crore in the extension of the west stand of the stadium, as per the estimation made by the state Sports department.

In 2018, out of a total expenditure of Rs 66.98 crore, the Odisha government deposited Rs 25 crore as presenting partner rights fee to Hockey India/FIH (International Hockey Federation). Only Rs 18.89 crore was spent on venue and event management in the previous World Cup. The remaining expenditure had been incurred on transportation, accommodation, publicity and others.

The state government, which is sponsoring the national hockey teams since 2018, has taken a number of projects to ensure that the marquee event is even bigger and better than its previous edition.

To make the tournament memorable for both the participating teams and also common citizens, the state is going to organise several mega sporting and cultural events across the state.

The World Cup will be organised from January 13 to 29 next year in Bhubaneswar and Rourkela. https://www.news18.com/news/sports/odisha-to-spend-rs-1100-crore-for-fih-mens-hockey-world-cup-2023-6483667.html