

## **NEWS ITEMS ON CAG/ AUDIT REPORTS (28.12.2022)**

### **1. CAG report pulls up external affairs ministry for 58 crore revenue loss ([livemint.com](https://www.livemint.com)) Updated: 27 Dec 2022**

The Comptroller and Auditor General (CAG) of India has pulled up the Ministry of External Affairs for revenue losses and improper financial management in a recently released audit report.

According to the CAG, the misapplication of fees on the Overseas Citizenship of India (OCI) card scheme led to a revenue loss of 58.23 crore rupees for the exchequer. In addition, the country's top auditor also flagged "irregularities" in the setting up of Indian Cultural Centres in Paris and Washington. Despite expensive purchases of properties in both these capital cities, these premises have not been put to use for around a decade.

An audit into the Ministry's application of OCI fees finds that 17 missions and posts across Europe and three in the United Kingdom did not correctly adjust exchange rates between local currencies and the US Dollar in order to set OCI card fees. For example, while OCI card fees were to be changed to 262 euros, the aforementioned posts in Europe kept the fee at 216 euros. In total, the revenue losses from the 17 missions and posts in Europe amounted to 16.26 crore rupees. A similar misapplication of OCI fees in the United Kingdom, the CAG averred, "resulted in a loss of ₹ 41.97 crore on issue of fresh OCI cards at a lower exchange rate, during February 2017 and March 2020."

The CAG also took exception to the MEA's argument that the loss in revenue was only notional. According to the audit body, the short collection of fees had cost the government around 58 crore rupees.

Much scrutiny was also directed at the acquisition of two properties in Washington and Paris, now unused, which were supposed to serve as Indian Cultural Centres.

"Due to inherent deficiencies, such as significant structural concerns and issues of encroachment at ICC Washington and delay in renovation (Paris), these properties could not be put to use as cultural centres even after nine and eleven years respectively," the CAG said in its report.

The report goes on to raise key questions about the choice of properties concerned. It argues that, despite prior knowledge that the property selected to be India's Cultural Centre in Washington had significant deficiencies, the Ministry went ahead with the acquisition.

"Despite the fact that the Ministry was aware that the 103-year-old Property had significant structural concerns as also issues of encroachment, it did not opt out from procurement of the same and consequently took on avoidable liabilities," says the audit body's report.

The unused property in Paris cost the government upwards of 30 crore rupees, with an additional price tag of 14.89 crore rupees for hiring a security agency for the premises.

The report also flags "avoidable" expenditures made by India's missions in China and Jamaica. While the former is questioned for avoidable payments to contractors to the tune of 10 crore rupees, the High Commission in Jamaica was rapped for sloppy tendering processes that led to

a cost overrun of over 51 lakh rupees. <https://www.livemint.com/news/india/cag-report-pulls-up-external-affairs-ministry-for-58-crore-revenue-loss-11672146326563.html>

## 2. विदेश मंत्रालय को 58.23 करोड़ का नुकसान, कैग ने लगाई फटकार ([patrika.com](http://patrika.com)) Dec 27, 2022

सरकारी पैसों का गलत तरीके से इस्तेमाल होने के कारण विदेश मंत्रालय को 58.23 करोड़ रुपए का नुकसान हुआ है, जिसके लिए भारत के नियंत्रक एवं महालेखा परीक्षक (कैग) ने विदेश मंत्रालय को फटकार लगाई है। कैग के अनुसार ओवरसीज सिटीजनशिप ऑफ इंडिया (OCI) कार्ड योजना पर पैसों के गलत इस्तेमाल के कारण सरकारी खजाने के रेवेन्यू में 58.23 करोड़ रुपए का नुकसान हुआ है। इसके अलावा देश के शीर्ष ऑडिटर कैग ने पेरिस और वाशिंगटन में भारतीय सांस्कृतिक केंद्रों की स्थापना में "अनियमितताओं" को भी चिन्हित किया। दो देशों की इन राजधानी वाले शहरों में संपत्तियों की महंगी खरीद के बावजूद इन परिसरों को लगभग एक दशक से विदेश मंत्रालय ने यूज नहीं किया है।

कैग को पता चला है कि पूरे यूरोप में 17 मिशन और पोस्ट व यूनाइटेड किंगडम में तीन ने OCI कार्ड फीस निर्धारित करने के लिए स्थानीय मुद्राओं और US डॉलर के बीच विनिमय दरों को सही ढंग से अर्जेंट नहीं किया है।

### यूरोप में 16.26 और UK में 41.97 करोड़ का नुकसान

विदेश मंत्रालय को यूरोप में 17 मिशनों और चौकियों से 16.26 करोड़ रुपए का नुकसान हुआ है। इसके साथ ही यूनाइटेड किंगडम में OCI कार्ड जारी करते समय निर्धारित पूरा पैसा नहीं लेने के कारण 41.97 करोड़ रुपए का नुकसान हुआ है। कैग ने यह अनिमित्ता फरवरी 2017 से मार्च 2020 के दौरान पाई है, जिसके कारण कुल मिलाकर विदेश मंत्रालय के रेवेन्यू में 58.23 करोड़ रुपए का नुकसान हुआ है।

### विदेश मंत्रालय ने घाटे को बताया काल्पनिक

विदेश मंत्रालय ने इस घाटे को काल्पनिक बताया है, जिसको लेकर कैग ने ऐतराज जताते हुए कहा है कि फीस का सही से कलेक्शन नहीं करने के कारण ही 58.23 करोड़ रुपए का नुकसान हुआ है।

### 2 दशकों के बाद भी वाशिंगटन व पेरिस में विदेश मंत्रालय ने नहीं यूज की संपत्ति

विदेश मंत्रालय ने वाशिंगटन व पेरिस में संपत्ति खरीदे जाने के 2 दशकों के बाद भी यूज नहीं किया है। इसके साथ ही कैग ने रिपोर्ट में चीन और जमैका में भारत के मिशनों ने ऐसे पैसे खर्च किए हैं, जिन्हें अवाइड किया जा सकता था। <https://www.patrika.com/national-news/cag-report-pulls-up-external-affairs-ministry-for-58-23-crore-revenue-loss-7944619/>

## 3. Indian Oil reported 113 major accidents during fuel transport in 2014-19: CAG ([downtoearth.org.in](http://downtoearth.org.in)) December 27, 2022

The Indian Oil Corporation Limited reported 113 major road and fire accidents during transportation of fuel from 2014-2019, according to the latest audit report by the Comptroller and Auditor General (CAG) of India. The company also reported 97 minor accidents, the report added.

Bharat Petroleum Corporation Limited (BPCL) reported 65 major and 431 minor accidents, while Hindustan Petroleum Corporation Limited (HPCL) reported 18 major and 824 minor accidents in the same period, the report added.

CAG analysed the various accidents reported during transportation of petrol, high-speed diesel and liquified petroleum gas by public sector oil marketing companies through pipelines, rail, road and coast.

Year	IOCL		BPCL*		HPCL	
	Major	Minor*	Major	Minor	Major	Minor
2014-15	6*	40	22	136	1	174
2015-16	16	29	26	165	5	193
2016-17	27	13	4	23	4	173
2017-18	34	11	7	69	2	172
2018-19	30	4	6	38	6	112

Source: Data provided by Indian Oil Corporation Ltd, Bharat Petroleum Corporation Ltd and Hindustan Petroleum Corporation Ltd.

\*Data is only for LPG

Most of the road accidents at IOCL operations were caused by the movement of packed and bulk LPG, according to the audit. This was due to the negligence of drivers or tank truck crew, overspeeding, night and early morning driving, and lack of training as per Oil Industry Safety Directorate (OISD) requirements, the report mentioned.

Some of the other reasons for major road accidents at supply locations were unorganised parking, drivers not wearing personal protective equipment (PPE) and unauthorised entry of trucks into the respective plants, the audit said.

CAG noted in the report:

Though the trend of major accidents in BPCL was decreasing over the years, the number of accidents had substantially increased in IOCL. The number of accidents reported by HPCL was significantly less compared to the other two oil marketing companies.

The major fire accidents, the auditor noted, could have been avoided if oil marketing companies strictly followed OISD's standard operating practices and other internal or external safety norms.

One particular example listed by CAG was the fire incident during a petrol-loading operation at the Bahadurgarh terminal of HPCL. The reason, the audit found, was owing to not promptly changing the insulation joint as recommended by OISD norms. Insulation joints isolate electricity or cathodes between pipelines to prevent corrosion.

In its response in 2020, HPCL said the responsibility of replacing the insulation jointly lay with Indian Railways, as it was not within their jurisdiction. In July 2018, however, the Railways said the insertion of glued joints is feasible and accordingly work was completed in November 2018.

In another incident, there was a fire at the Budge Budge terminal of BPCL. The company went against procedure and opened both sides of the manhole that covers tank-22, which caused an accumulation of motor diesel vapors in the vicinity of the tank, according to CAG.

The Union Ministry of Petroleum & Natural Gas informed in November 2020 that the learnings from this incident was shared and implemented at all other operating locations of BPCL.

The economic lifespan of pipelines, which are the cheapest mode for transportation of petroleum products, is 25 years, according to the Petroleum and Natural Gas Regulatory Board. With maintenance, the period can be extended.

The audit observed that about 22 per cent of pipelines in the country are operating for more than 25 years. Damage to pipelines poses a safety risk but also hampers logistical planning resulting in financial loss, the audit explained. <https://www.downtoearth.org.in/news/energy/indian-oil-reported-113-major-accidents-during-fuel-transport-in-2014-19-cag-86806>

#### **4. Missile marvels: India makes a mark with its growing capabilities ([financialexpress.com](https://www.financialexpress.com)) December 27, 2022**

India's missile capabilities have been on the rise in recent years, making it a force to be reckoned with in the world of defense technology. From anti-ballistic missile systems to hypersonic technology missiles, the country has made significant strides in expanding its missile arsenal.

India is one of only four countries to have both anti-ballistic missile and anti-satellite systems. According to a report in the New York Times, India has successfully tested hypersonic technology missiles, joining the US, Russia, and China as countries with operational hypersonic missiles. This achievement has propelled India to the seventh rank in the world's most powerful missiles for 2022, with the AGNI-5 system. However, India still lags behind China in overall global rankings for missile technologies.

#### **Breaking barriers**

Hypersonic missiles are a game-changer in the world of defence technology, with the ability to travel at speeds of over 5,000 miles per hour. This is faster than the speed of sound, making them difficult to detect and intercept. These missiles have the potential to revolutionise the way wars are fought, with their ability to strike targets quickly and with precision.

Hypersonic weapons come in two types: hypersonic cruise missiles and hypersonic boost-glide vehicles. The former type is powered by rockets or jets throughout their flight and are a much faster version of existing cruise missiles. The latter type is launched into the upper atmosphere on top of existing ballistic missiles and then releases hypersonic glide vehicles (HGVs) that fly lower, faster, and in an unpredictable manner to enemies.

China has two hypersonic missiles. The first, the Dong Feng-17 (DF-17), is a medium-range missile or MRBM system equipped with an HGV. It can carry conventional or nuclear weapons and has a reported speed of Mach 5-10. With a range of 1,800-2,500km and a launch weight of 15,000 kg, the DF-17 is a formidable threat to any adversary. The second is the DF-ZF HGV, which can also travel at speeds between Mach 5-10 and is capable of performing "extreme manoeuvres" to evade enemy defences. The DF-17 has been designed to work specifically with the DF-ZF, greatly increasing the power of both weapons. Russia has three major hypersonic weapons: the Avangard, the Kinzhal, and the Zircon. In comparison, the US is lagging behind in hypersonic technology. A test of the AGM-183A ARRW, a hypersonic missile, failed when the rocket engine did not ignite after the missile successfully separated from the B-52H bomber carrying it.

## **India's defence industry soars with self-sufficient strategies**

In 2021-2022, the budget for defence research was Rs 11,375.50 crore. In 2010, the Defense Research and Development Organisation (DRDO) was directed to restructure and give a “major boost” to defence research and to increase the private sector’s involvement in defence technology. The Defense Technology Commission was established with the defence minister as its chair to improve the effectiveness of the DRDO. However, a Comptroller and Auditor General report on projects undertaken by the Aeronautical Development Establishment (ADE) from 2007-2017 found that the lab had undertaken projects without focus or priority, spent money on research that was abandoned without completion, and lacked the involvement of user representatives in pre-project work or during project execution.

India’s defense sector has made strides in recent years, particularly in the realm of missile technologies. The country has successfully tested hypersonic technology missiles, and with the AGNI-5, it now ranks seventh in the world for the most powerful missiles. However, compared to China, India remains a laggard in global rankings for missile technologies.

There are two main types of hypersonic weapons: hypersonic cruise missiles and hypersonic boost-glide vehicles. The former are powered by rockets or jets throughout their flight, while the latter are launched into the upper atmosphere on top of existing ballistic missiles and then release hypersonic glide vehicles. China, in particular, has two highly advanced hypersonic missiles: the Dong Feng-17 and the DF-ZF HGV. Russia also has several hypersonic weapons, but the US has lagged behind in developing this technology.

To boost defence research in the country, India’s DRDO has undergone restructuring to increase private sector involvement and establish a Defense Technology Commission. However, the Comptroller and Auditor General has criticised the ADE, a division of the DRDO, for undertaking projects without focus or priority and abandoning research without completion. India currently only produces 45-50% of the defence products it uses, with the rest imported.

Despite financial constraints, import restrictions, and a lack of clarity in decision making, India’s DRDO has made significant progress in research and development of missile technologies in recent years. This article outlines some of the major achievements of DRDO in the field of missile technology.

The organisation’s achievements include the development of various advanced missile systems, including the New Shaurya Missile, a nuclear-capable two-stage cruise surface-to-surface medium range missile; the BrahMos series, a medium-range stealth ramjet supersonic cruise missile; the Nirbhay Subsonic Cruise Missile, capable of carrying conventional and nuclear warheads; and the Akash Missile, a surface-to-air missile with three variants at various stages of development. Additionally, DRDO is working on the Barak 8, a long-range Indo-Israeli surface-to-air missile; the Prithvi Air Defense, a two-stage liquid and solid-fueled ballistic missile defence high altitude interceptor; and the ASAT Missile, a missile designed to hit targets in space. Despite these achievements, India remains a laggard in global rankings in missile technologies, particularly compared to China.

### **Skyfall: The Pralay Surface-to-Surface Missile**

One of the standout missiles in India’s arsenal is the Pralay, a surface-to-surface guided short-range ballistic missile that was recently tested off the coast of Odisha in Balasore. Developed



by the DRDO, the Pralay follows a Quasi Ballistic Trajectory, meaning it takes a low curved path after being launched and is capable of changing direction and range. It hit its target with high accuracy, demonstrating the efficacy of its control guidance and mission algorithms.

But what sets the Pralay apart from other tactical missiles on the market? For one, it is canisterized, meaning it can be carried in a strong metal container that holds chemicals or gases. This allows for greater mobility and the ability to deploy the missile quickly in the event of a conflict. The Pralay is also capable of carrying a variety of warheads, including high explosive preformed fragmentation, penetration come blast, and runway denial penetration submunition, making it a versatile weapon for a range of targets.

As India continues to develop and test new missiles, it will be interesting to see how it positions itself on the global stage. With its diverse range of weapons and cost-effective approach, it is well-positioned to make a name for itself as a major player in the global arms race. <https://www.financialexpress.com/defence/missile-marvels-india-makes-a-mark-with-its-growing-capabilities/2928282/>

#### **5. Ministry Of Micro, Small & Medium Enterprises (MSME) Organizes National SC-ST Hub (NSSH) Conclave at Sahid, Smruti Bhavan, Baripada, Mayurbhanj, Odisha Today ([orissadiary.com](http://orissadiary.com)) December 27, 2022**

The Ministry of Micro, Small & Medium Enterprises (MSME) organized National SC-ST Hub (NSSH) Conclave at Sahid, Smruti Bhavan, Baripada, Mayurbhanj, Odisha today to promote entrepreneurship culture and spread awareness of the NSSH Scheme and other Schemes of the Ministry. Comptroller & Auditor (CAG) General of India, Shri Girish Chandra Murmu and Minister of State for MSME, Shri Bhanu Pratap Singh Verma graced the occasion with their presence along with other senior dignitaries. The event saw the participation of around 700 SC-ST aspiring and existing entrepreneurs.

Addressing the Conclave, Shri Murmu emphasized on the significant role of the MSME Sector in the Indian economy in terms of its contribution to GDP and overall exports from India. Speaking on the occasion, the Union Minister of State Shri Verma stated that MSME Sector not only plays a crucial role in providing large employment opportunities at a lower capital cost but also helps in the industrialization of rural & backward areas. He also highlighted the various schemes of the Government to empower the MSME Sector and said that through this conclave the SC/ST entrepreneurs from the State will explore innovative ideas and mutual business opportunities and avail maximum benefits from these schemes.

A special technical session chaired by Dr Ketaki Bapat, Advisor/Scientist 'G', from Office of Principal Scientific Advisor of India provided an interactive platform for aspiring and existing SC-ST entrepreneurs to interact with CPSEs, lending institutions, etc. The programme also witnessed the participation of CPSEs like Power Grid Corporation, Steel Authority of India, Indian Oil Corporation, Mahanadi Coalfield Ltd. who gave presentations on their vendor empanelment process and details of products/services to be procured. The program also had financial institutions such as UCO Bank, and State Bank of India, which detailed various lending schemes pertaining to the MSME sector. Training institutes like IIT Kharagpur, Central Tool Room and Training Centre, Bhubaneswar, Central Institute of Petrochemicals Engineering & Technology also participated in the program by putting up a stall and demonstrating their technology and various skill development programmes. The program also

had facilitation desks of UDYAM Registration for facilitating registrations of SC/ST MSE participants on the spot.

Senior officers from the Ministry of MSME and the State Departments of Odisha were also present during the event. For inclusive growth, various initiatives under NSSH Scheme to promote entrepreneurship culture among SC-ST communities and their active participation in the public procurement process to reach 4% mandate as per public procurement policy has also been described. <https://orissadiary.com/ministry-of-micro-small-medium-enterprises-msme-organizes-national-sc-st-hub-nssh-conclave-at-sahid-smruti-bhavan-baripada-mayurbhanj-odisha-today/>

#### **6. Ministry of MSME organizes National SC-ST Hub (NSSH) Conclave ([devdiscourse.com](http://devdiscourse.com)) December 27, 2022**

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been described. <https://www.devdiscourse.com/article/business/2300479-ministry-of-msme-organizes-national-sc-st-hub-nssh-conclave>

## **STATES NEWS ITEMS**

**7. What is the CAG audit report on Assam's NRC?** ([thehindu.com](https://www.thehindu.com)) December 27, 2022

**In its compliance report tabled before the Assembly, the CAG flagged a host of issues ranging from excess spending and financial irregularities to threats to data security in the NRC exercise carried out in Assam**

A recent Comptroller and Auditor-General of India (CAG) report on the update exercise of the National Register of Citizens (NRC) in Assam has flagged serious irregularities, including “haphazard development” of software for the exercise, making it prone to data tampering, and flagged undue profits worth crores amassed by the system integrator (SI) by violating the Minimum Wages Act. The auditor flagged concerns in a compliance report of ‘logistical arrangements for NRC update project in Assam’ tabled in the Assam Assembly on December 24.

### **What is the NRC exercise?**

An NRC was first created in 1951 in Assam to identify those born in India and migrants from erstwhile East Pakistan, now Bangladesh. In 2013, the Supreme Court issued directions to the Centre and State to initiate an exercise in Assam to update the 1951 register. The order was based on a petition filed by an NGO named Assam Public Works. The first draft was released in 2018. The final list, published in 2019, included those who could establish their Indian citizenship by being residents or descendants of people living in Assam before March 25, 1971 — the cut-off date for deportation of foreigners as per the Assam Accord of August 1985. As many as 19.06 lakh people out of 3.3 crore applicants were excluded due to a lack of adequate documents to prove their citizenship. Several parties dismissed the final list as “faulty”. Three years later, the process is on pause as the Registrar General of India (RGI) is yet to notify the final list.

### **What are the CAG's concerns?**

At the time, the process to update the NRC was started in December 2014 with a deadline for completion in February 2015 and the project cost was pegged at ₹288.18 crore. There was, however, a five-fold increase in the cost by March 2022 due to additional time to complete it and changes in the update software. “The final draft of the document was, however, published in August 2019 and the project cost escalated to Rs 1,602.66 crore (expenditure of Rs 1,579.78 crore was reported),” mentioned the report. It said that a test check of records revealed irregularities in the utilisation of funds including “excess and inadmissible payment to vendors”.

As for irregularities, the CAG found that the amount of wages paid to the outsourced staff was 45.59%-64.27% less than what was approved by the NRC coordination committee. It was this difference in wages that allowed the undue benefit of ₹155.83 crore to the system integrator beyond the 10% “reasonable profit margin”, the CAG said. Information technology firm Wipro Limited was entrusted with one of the prime software installation companies by the NRC Directorate.



The CAG noted that secure and reliable software was required for the SC-directed exercise, but as many as 215 software utilities were added to the core software. The report said this was done without following the due process of software development and vendor selection via tendering. The CAG stated that the intended objective of preparing a valid and error-free NRC was not met despite incurring excess expenditure.

### **What has the CAG recommended?**

The country's top auditor sought penal measures against Wipro Limited for violating the provisions of the Minimum Wages Act and for paying data operators less than minimum wages. Secondly, the report recommended action against the State Coordinator of National Registration (SCNR) for "excess, irregular and inadmissible payments". The CAG also recommended fixing accountability of the SCNR as the principal employer for "not ensuring compliance with the Minimum Wage Act". <https://www.thehindu.com/news/national/what-is-the-cag-audit-report-on-assams-nrc/article66311741.ece>

### **8. Why the Assam NRC is practically dead ([indiatoday.in](https://www.indiatoday.in)) Dec 27, 2022**

The Comptroller and Auditor General (CAG) of India has detected large-scale anomalies in the process of updating the National Register of Citizens (NRC) for Assam. The CAG report practically sounds the death knell for the NRC exercise as it officially declares that "the intended objective of preparing a valid, error-free NRC has not been met".

The CAG report, which was tabled in the Assam assembly on December 23, confirms what chief minister Himanta Biswa Sarma had told India Today NE on December 14: the NRC list was erroneous. He categorically blamed then NRC state co-ordinator Prateek Hajela, an IAS officer, for the anomalies.

The Assam NRC of 1951 was updated to detect illegal immigrants and the entire process, carried out between 2014 and 2019, was monitored by the Supreme Court. The final NRC list, published in August 2019, found that 1.9 million of the 33 million applicants in the state were not eligible for Indian citizenship.

### **What are the anomalies?**

The CAG report has pointed out that the software used to prepare the NRC was faulty. "In the NRC updating process, a highly secure and reliable software was required to be developed; audit, however, observed lack of proper planning in this regard to the extent of 215 software utilities added in a haphazard manner to the core software," read the report.

More importantly, the report stated that these were added without adhering to due processes of either software development or selection of vendors through eligibility assessment under national tendering.

"Haphazard development of software and utilities for NRC data capture and correction posed the risk of data tampering without leaving any audit trail. The audit trail could have ensured accountability for veracity of NRC data. Thus, the intended objective of preparing a valid, error-free NRC has not been met despite direct expenditure of Rs 1,579.78 crore, which also involved employing a large number of employees ranging from 40,000 to 71,000," said the CAG report.

The report also highlighted the escalation of project cost in the process, from Rs 288.18 crore in 2014 to Rs 1,602.66 crore eventually, due to time overrun and significant change in scope of the initially conceptualised NRC updating software.

### **Who is to blame?**

The CAG recommended fixing of responsibility on Hajela and action in a time-bound manner for the excess, irregular and inadmissible payment made to the vendor chosen for selection and scrutiny of documents. It also suggested penal action against systems integrator (M/S Wipro Limited) for violation of the Minimum Wages (MW) Act as payments were made to data entry operators at a rate less than the minimum wages. The report sought accountability from Hajela for not ensuring compliance of the MW Act.

In May this year, Hitesh Dev Sarma, Hajela's successor as state coordinator of NRC, lodged a police case against his predecessor, alleging treason for intentionally allowing irregularities in preparing the list, which facilitated inclusion of illegal immigrants in the NRC.

According to Sarma, Hajela knowingly disobeyed law, wilfully avoided proper quality checks in the process of updating the NRC and allowed declared foreigners, doubtful voters and their descendants to enlist their names.

Terming this as anti-national activity, which could threaten India's security, Sarma lodged a case against Hajela and some other officers with the criminal investigation department (CID) of the Assam police under Sections 120B, 166A, 167, 181, 218, 420 and 466 of the Indian Penal Code (IPC).

### **What happens to Hajela now?**

On being asked about the next course of action, Sarma said: "We had been waiting for the report of CAG with regards to irregularities in the NRC updating process. Now that the report has been submitted, we will take a call on the next course of action." However, on December 14, when India Today NE asked why his government was not taking any action against Hajela if the IAS officer was guilty, Sarma said he was protected by the Supreme Court.

In October 2019, the Supreme Court had transferred Hajela, an Assam-Meghalaya cadre IAS officer, to his home state of Madhya Pradesh for "maximum period permissible under relevant guidelines". The order was issued, reportedly on account of threat perceptions to Hajela. To a query from attorney general K.K. Venugopal as to whether there was a reason behind the decision, then chief justice Ranjan Gogoi had not specified any reason but said, "Can there be any order without a reason?"

In 2020, Hajela moved the Supreme Court requesting an order to restrain the Assam government/police authorities from registering any complaint or FIR against him without the permission of the court. He also sought an order restraining the state government/police authorities from taking any coercive action against him based on NRC-related complaints. The appeal is pending before the Supreme Court. So, till now, there is nothing to stop the state government from pursuing any legal action against Hajela.

### **What's Hajela's defence?**

When India Today NE reached out to Hajela, the former NRC co-ordinator dismissed the CAG report. "There could not have been a better alternative to update the NRC under the given circumstances," he said.

### **What's next on NRC?**

Even three years after its publication, the NRC list is yet to be notified by the Registrar General of India (RGI). Those who have been left out by the NRC continue to remain legal citizens of India and can vote in elections.

Meanwhile, the list has been rejected by almost all stakeholders, including the Assam Public Works (APW), the NGO which had approached the Supreme Court seeking the update of the 1951 NRC. The BJP government in Assam also claimed that the NRC list had many anomalies and left out eligible persons while including illegal immigrants.

The Assam government has since approached the Supreme Court seeking a review of the entire exercise. Several local groups and organisations, including the APW, have also rejected the list and have approached the Supreme Court seeking review. The petitions are pending before the apex court. <https://www.indiatoday.in/india-today-insight/story/why-the-assam-nrc-is-practically-dead-2314271-2022-12-27>

### **9. As Audit Finds Holes in Assam Citizen Register (NRC), Ex-Chief's "Told You So" ([ndtv.com](https://www.ndtv.com)) Dec 27, 2022**

Guwahati: Assam's National Register of Citizens (NRC) — back in the news after an audit found several financial and software-related anomalies — had major holes even three years ago but governments did not pay heed, its former in-charge Hitesh Dev Sarma has said.

"Lakhs of foreigners were included (in the register), while thousands of those excluded were actually Indian citizens," Mr Sarma told NDTV in an exclusive interview after the recent findings of the Comptroller and Auditor General (CAG).

The Assam NRC, ordered and monitored by the Supreme Court, has been in a limbo since 2019 after allegations of procedural wrongs and corruption came in from different quarters.

A recent CAG report said 215 software utilities were added in a haphazard manner to the core software used for the updating exercise. It also said the project cost for the NRC went from ₹ 288.18 crore to ₹ 1,602.66 crore due to the sheer time taken. Financial irregularities in wages also allowed undue benefit of ₹ 155.83 crore to contractors, it said.

Mr Sarma explained, "After I took over in December 2019, I found the process had not been done the way it was actually supposed to be done."

He said he reported that to the Registrar General of India — a bureaucratic overseer of all of India's censuses and other demographic surveys — "but there was no response".

Further, he said he has petitioned the Supreme Court to seek re-verification of the NRC.

"When the state and central governments did not respond to my request for an inquiry, I had no option other than file an FIR before the police," he said.

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In the NRC draft published in August 2019, over 19 lakh people were left out in an exercise that was originally billed as a check on illegal immigration from neighbouring Bangladesh. But that's yet to be notified.

What makes the NRC further controversial is that any Hindus (and five other non-Muslim communities) left out due to lack of documents will have the safety net of the Citizenship Amendment Act (CAA), which promises citizenship to such people from Pakistan, Afghanistan and Bangladesh. Muslims do not have any such bailout. <https://www.ndtv.com/india-news/after-audit-finds-corruption-in-assam-national-register-of-citizens-nrc-big-charge-by-its-former-chief-3643787>

## **SELECTED NEWS ITEMS/ARTICLES FOR READING**

### **10. Do disinvestment plans need a reset? ([indianexpress.com](https://www.indianexpress.com)) December 28, 2022**

It was touted as a game changer but big-ticket privatisation has been a mixed bag as the government faces unanticipated challenges of lukewarm investor response, employee union agitation and legal hurdles.

Prime Minister Narendra Modi's often-repeated statement 'the government has no business to be in business' guided the drawing up of an ambitious privatisation pipeline. While Air India sale succeeded, Bharat Petroleum Corporation Ltd (BPCL) divestment failed.

Tata Group acquired debt-ridden Air India last year but the government had to call off two transactions — BPCL and SAIL's Bhadravati Steel Plant — due to lack of buyer interest, and terminated the strategic sale of Central Electronics Ltd (CEL) as the successful bidder was disqualified for non-disclosure of pending legal cases.

The sale of Pawan Hans too is in limbo as the successful bidder has a pending NCLT case against it.

The government in the current fiscal (April-December) has raised about Rs 31,100 crore from CPSE (Central Public Sector Enterprise) disinvestments as against the full-year budget target of Rs 65,000 crore. In the last four years, the government has missed the disinvestment target set in the budget by a wide margin.

More than half of the proceeds raised so far from disinvestment came from the Initial Public Offering (IPO) of Life Insurance Corporation (LIC). The government sold a 3.5 per cent stake at Rs 949 per share, helping the government raise Rs 21,000 crore.

The scrip, however, got listed at Rs 872. Since the listing, LIC share price has remained lower than the IPO issue price and is currently trading at around Rs 659 apiece.

Considering the fact that there is little scope for further minority stake sales in bluechip PSUs (Public Sector Undertakings) and the problems in executing strategic sale transactions, the government needs to set realistic disinvestment targets in budgets, sources said.

The biggest test in 2023 would be the strategic sale of IDBI Bank where the government and LIC together are selling about 61 per cent stake, out of the current holding of 95 per cent. The sale would fetch around Rs 30,000 crore to the exchequer at the current market price.

Next year, one of the challenges before the government would be to go ahead with the strategic sale of Rashtriya Ispat Nigam Ltd (RINL) or Vizag Steel, where the privatisation move is being vehemently opposed by employee unions.

Although the government has been narrating the turnaround success story of NINL, which was bought by Tata Steel Long Products for Rs 12,100 crore earlier this year, RINL privatisation still remains a challenge as employees demand it be given to a PSU company.

The sources said that in case the government fails to privatise RINL, it may have to be closed down in a couple of years because of mounting losses.

In 2023, the government is likely to conclude the strategic sales of Shipping Corporation, Concor, BEML, NMDC Steel and HLL Lifecare.

The major ones like SCI, Concor and BEML are in the process of demerging their non-core businesses following which financial bids would be invited from interested buyers.

Deloitte India Partner & Leader – Government & Public Services Arindam Guha said investor interest is primarily dependent on specific factors like ring-fencing of the CPSEs' existing liabilities, its attractiveness in terms of sector of operation, existing customer base/ assets/ facilities, pass through mechanism for any rights from the administrative ministry if applicable.

“Transaction structure plays a key role in determining the time frame. For example, any merger or demerger requires approval from multiple authorities, thereby requiring significant time whereas an asset or business sale may take lesser time. It is therefore important to opt for a structure which minimises time for the sale,” Guha said. <https://indianexpress.com/article/business/companies/do-disinvestment-plans-need-a-reset-8348020/>

#### **11. Govt needs to lead taxonomy efforts for green finance: RBI ([financialexpress.com](https://www.financialexpress.com)) December 28, 2022**

The Reserve Bank of India (RBI) on Tuesday said that the government will have to lead the way in creating appropriate taxonomy for enabling a sustainable green finance mechanism, as the classification of a low-carbon ecosystem will aid in tracking sustainable finance flows.

“Sustainable finance taxonomies are tools intended to help investors decipher whether an economic activity is environmentally sustainable, and to navigate the transition to a low-carbon economy. Such a taxonomy can play a key role in channelising and scaling up sustainable finance funds to India,” the RBI said in its Trend and Progress of Banking in India 2021-22 report.

The sovereign green bond framework was set up in November. As part of the initiative, the government had announced issuing of sovereign green bonds to the tune of `16,000 crore in the domestic market in FY23, which will be used for developing green public sector projects. The government is considering issuing these bonds in January-March, minister of state for finance Pankaj Chaudhary had informed Parliament.



The pricing of the government green bonds will serve as a benchmark for companies raising debt through such modes, M Rajeshwar Rao, deputy governor, RBI, had recently said at an event.

At the banks' end, they need to develop processes for assessing the potential impact of climate-related financial risks in their business strategies and operations, the RBI said. They will be required to alter their governance structures, create frameworks and train their staff to effectively manage such risks.

"Climate change may result in both physical and transition risks that could have implications for sustainability and financial soundness of individual regulated entities (RE) as well as systemic financial stability," the central bank said.

The RBI, in July, had issued a paper on climate risk and sustainable finance, directing banks to adopt to climate-related and environmental risks in their business strategies. The central bank had also suggested that the Indian Banks' Association could set up a working group to that effect, or banks can also tie-up with institutions such as the International Finance Corporation. <https://www.financialexpress.com/economy/govt-needs-to-lead-taxonomy-efforts-for-green-finance-rbi/2928571/>

## **12. Past perfect, future uncertain: RBI ([financialexpress.com](https://www.financialexpress.com)) December 28, 2022**

Indian banks may have weathered the pandemic with high capital buffers and improved quality of assets, but going forward, they face a highly uncertain outlook, the Reserve Bank of India (RBI) said in its Trend and Progress of Banking in India 2021-22 report on Tuesday.

The main concerns are global headwinds brewing on account of continuing geopolitical tensions, tighter monetary and liquidity conditions and potential adverse spillover effects on profitability and asset quality.

"With global growth set to deteriorate in 2022 and with rising prospects of a recession in 2023, credit growth could pro-cyclically decelerate across major economies which, in turn, could shrink bank profitability," the report said.

The RBI's other concerns are the wider adoption of technology in the financial system amid a new wave of innovations and climate change risks posing new challenges for financial stability that would require risk-mitigating regulatory and supervisory actions.

The apex bank's commentary comes on the back of a 10-year high credit growth in FY22 and a double-digit growth in the consolidated balance sheet of scheduled commercial banks after a gap of 7 years. However, household financial saving rates declined to a 5-year low in FY22, which was also reflected in subdued deposit growth

"Enhanced credit monitoring processes, coupled with portfolio diversification, helped arrest slippages and strengthened their balance sheets. Accordingly, the profitability of banks, improved to levels last observed in FY15," the central bank said.

On the corporate side, working capital and term loans, which were decelerating since 2019, showed steady growth during FY22. Around 75% of incremental credit during the year was in

the form of term loans. The higher credit growth was accompanied by lower slippages and a strengthening of the capital buffers of the banks.

The ratio of standard assets, which were restructured, improved to 110 bps (basis points) from 30 bps in FY22. The improvement in the standard restructured asset ratio was likely on account of the new resolution framework aimed at retail and MSME loans during the pandemic period, the RBI said.

“Going forward, it is imperative that banks ensure due diligence and robust credit appraisal to limit credit risk...If downside risks materialise, asset quality could be affected,” the RBI report added.

On the resolution of stressed assets, banks have multiple channels such as Sarfesi, insolvency and sale to asset reconstruction companies (ARC). Post the pandemic, the incidences of referring the cases to debt recovery and IBC increased significantly. The admission of cases under the IBC increased by 65% in FY22 while cases referred under Sarfesi increased by 335% during the year. However, the amount under IBC rose to a whopping ₹1.99 trillion from ₹1.35 trillion in FY21 – a jump of 47%.

With the success of Unified Payments Interface (UPI) and mass adoption of digital banking services, various concerns such as engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, exorbitant interest rates, and unethical recovery practices have emerged, the RBI said, adding that the lenders need to develop appropriate business strategies, strengthen their governance framework and implement cybersecurity measures to mitigate these concerns. <https://www.financialexpress.com/industry/banking-finance/past-perfect-future-uncertain-rbi/2928642/>

### **13. Why India's bankruptcy regime needs to be fixed ([livemint.com](https://www.livemint.com)) December 28, 2022**

The government is proposing to make changes to India's six-year-old Insolvency and Bankruptcy Code (IBC). Mint examines the relevance of the game-changing reform to the economy, and why the changes are necessary now.

What was the intent behind framing IBC?

The IBC, which was enacted in 2016, came at a time of mounting debt defaults. The intent was to overhaul the corporate distress resolution regime in the country. It focuses on resolving the insolvency of corporations, individuals and partnerships in a timely manner. It was introduced with the objective of simplifying insolvency and bankruptcy proceedings, protecting the interests of all stakeholders — the company, employees, debtors, and especially, creditors—and for timely revival of the company. The Insolvency and Bankruptcy Board of India is the regulatory body implementing the code.

What are the changes being proposed?

Average days taken to resolve a case has risen to 679 days in H1FY23 from 230 days in FY18. The changes presently under consideration seek to address inter-creditor disputes, which have been identified as the leading cause of delays. The process is being proposed to be divided into two phases—phase I will focus on finding potential buyers and handing over the management

to the acquirer. Phase II would address distribution of proceeds among creditors and settle inter-creditor disputes. The proposed steps would make an effort to revive the units with better management, wherever possible.

What has been the progress in its objectives?

As of September, cases admitted under the corporate insolvency resolution process (CIRP) were 5,893. Of this, 3,946 were closed (553 had resolution plans) and 1,947 are ongoing. 2,531 were started by financial creditors, 3,008 by operational creditors and 350 by corporate debtors. 64% of the cases were over 270 days old while only 25% of the cases were resolved in 180 days.

What were some of the roadblocks?

Most cases overshot the timeframe as many affected promoters / corporations went to court and held up cases. Pending cases—such as Jaypee’s—are held up between the NCLT, NCLAT and the Supreme Court. They have overshot the resolution timeframe by miles. However, efforts have been made to make the IBC more efficient. Homebuyers, for instance, can now be considered as financial creditors. The onset of the pandemic did result in the government deferring the provisions of the IBC.

Why is the IBC seen as a game-changer?

The IBC has proved to be a deterrent for many unscrupulous borrowers and imparted tools to banks to be reasonably confident about recovering NPAs. Fear of losing control of the firm nudges debtors to settle their dues. Till September, 23,417 applications for initiation of CIRPs, with underlying default amount of ₹7.31 trillion, were resolved before admission. Indirectly, the code provides an exit route by winding up commercially unviable units. <https://www.livemint.com/news/india/why-bankruptcy-regime-in-india-needs-finetuning-11672160266596.html>

#### **14. Inexplicable delay ([financialexpress.com](https://www.financialexpress.com)) December 28, 2022**

Nearly a year after the government said it would acquire a 33% stake in Vodafone-Idea by converting dues of ₹16,100 crore into equity shares, the transaction is yet to go through. In mid-September last year, the government had rolled out a relief package for telcos allowing a four-year moratorium on spectrum and adjusted gross revenue (AGR) dues, as also options to convert the interest into equity. In January, the Vodafone board approved the conversion of dues into equity in a move that would dilute the stakes of the two promoters and make the government the majority shareholder.

Now, the department of telecommunications reportedly wants the promoters of Voda-Idea to contribute to the firm’s equity capital and rope in new investors. Further, media reports quote government sources as saying that it is waiting for the company to come up with a business plan that includes the rollout of 5G services. The fact is that the two promoters—Vodafone and the KM Birla Group—have infused funds to the tune of ₹4,900 crore. And even though it has been strapped for cash, the company participated in the recent spectrum auctions, buying 5G and 4G spectrum worth ₹18,790 crore and paying the first instalment of ₹1,680 crore. To that extent, the promoters have shown they are committed to keep the business going. Now, the government must keep its end of the bargain.

Time is clearly running out for Voda-Idea, which has lost subscribers for 19 months in a row—the number of data subscribers has remained flat at 135 million for the last four quarters. While the telco has acquired 5G spectrum, it doesn't have the financial muscle to roll out the services. With rivals Bharti Airtel and RelianceJio having kicked off 5G services, Voda-Idea runs the risk of losing more of its quality, post-paid customers. That would further pressure its already precarious finances. The company's balance sheet is now weighed down by a debt of over `2.2 trillion. The bulk of this, including deferred spectrum liabilities of `1.37 trillion and AGR liabilities of `68,600 crore, is owed to the government, and bank borrowings account for about `15,100 crore. Given the poor financials, the rapid loss of market share and the challenge of winning back customers, it would take a brave investor to become a stakeholder. The Voda-Idea brand is now so weak it could take years and enormous sums of money to make it a strong candidate. At the very least, a prospective investor would want reassurance from the government that it will back the business as the majority shareholder. So would a new lender.

Importantly, other financial transactions, linked to the conversion, are getting delayed. For instance, Voda-Idea had planned to square off its obligations of around `1,600-crore to ATC Telecom Infrastructure by issuing optionally convertible debentures. However, since the transaction was contingent upon the conversion of interest dues into equity by the government, it has been postponed until end-February 2023. This is really unfortunate. If the government is serious about wanting to revive Voda-Idea's fortunes, as it appeared when it agreed to convert the dues into equity, it must stop dithering and act. Even with losses of close to `75,000 crore in three years, the company is a going concern. But it might not stay this way for much longer. <https://www.financialexpress.com/opinion/inexplicable-delay/2928495/>

**15. Reorienting India's food programme a politically deft move, says Nomura** ([business-standard.com](https://www.business-standard.com)) December 28, 2022

India's move to restructure the world's biggest food program is a fiscally prudent and a politically deft move, according to Nomura Holdings Inc.

The withdrawal of the free food plan was always going to be politically tricky, but the simultaneous reorientation of the food public distribution system makes it an easier political sell, Nomura economists Sonal Varma and Aurodeep Nandi wrote in a report to clients Tuesday.

The move is particularly significant in light of the busy political calendar in 2023, with states elections due to be held in Karnataka, Chhattisgarh, Madhya Pradesh, Rajasthan and Telangana, and general elections in the summer of 2024, they added.

The government last week discontinued a version of a free-food program for low income households announced in April 2020, and replaced it with the new initiative that will also give out free grains while lowering the quantity. This move, Nomura estimates, will result in subsidy savings to the tune of 0.16% of gross domestic product in the three months to March.

The overall fiscal impact of these announcements "is positive," and should help the government meet its deficit aim of 6.4% of gross domestic product in the current fiscal year, the economists said. They expect a sub-6% deficit target for next fiscal year starting April 1, but such consolidation target would be "tricky" due to weaker growth, they added.

“If the government can hold the line on its food subsidy expenditure, then it should help reduce one of the risks,” the economists wrote.

The end of the free foodgrain program should help raise foodgrain stocks back over buffer norms and reduce the pressure on open markets for procurement. This, in turn, should help ease inflationary pressures on cereals, they added. [https://www.business-standard.com/article/economy-policy/reorienting-india-s-food-programme-a-politically-deft-move-says-nomura-122122800452\\_1.html](https://www.business-standard.com/article/economy-policy/reorienting-india-s-food-programme-a-politically-deft-move-says-nomura-122122800452_1.html)

**16. Ending PMGKAY valid, but malnutrition an issue** ([thehindubusinessline.com](https://www.thehindubusinessline.com)) December 27, 2022

It did not come as a surprise when the Centre, on December 23, announced that the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), announced during the height of Covid to address the needs of the unemployed, will be ‘merged’ with the National Food Security Act (NFSA). The PMGKAY will be discontinued in its present form with effect from December 31; thereafter, 81.35 crore individuals, identified under the NFSA, 2013, will receive their usual five kg of foodgrains free of cost, as against the nominal rates of ₹3 or so that they pay now. However, the 10 kg that they have been getting for two years will stop.

The move makes sense in many ways. It is clear that the Centre has acted with an eye on the ballooning food subsidy bill. Against the budgeted sum of ₹2.07 lakh-crore for food subsidy for this fiscal (including NFSA and PMGKAY components until September), the bill has shot up by over ₹80,000 crore, largely as a result of the three-month extension of PMGKAY till December 31. The increase on account of PMGKAY alone is about ₹60,000 crore, while allocation for decentralised procurement (DCP) has been raised by about ₹10,000 crore over the budgeted sum of ₹60,000 crore, which is in keeping with the trend of ₹70,000 crore towards DCP. The third factor perhaps inducing the discontinuation of PMGKAY is that the FCI’s foodstocks at present are sharply below last December’s levels. The Centre would like to hold on to stocks, given the risk of market and weather-related shocks. With the economy having shrugged off the 2020-21 Covid impact, PMGKAY was bound to go — with food inflation expected to abate.

Besides, India’s endemic malnutrition, borne out by the fifth round of NFHS, cannot be addressed by an allocation of bulk rations. It needs a different fiscal and policy thrust — one aspect of which is to create a diversified and decentralised procurement system. Such a system can feed into a network of community kitchens that cater to local tastes. A Parliamentary standing committee report on DCP, tabled this month, raps the NITI Aayog for not coming up with a report assessing the performance of DCP, after being entrusted with the task in 2017. DCP has been adopted by nine States and UTs for wheat and 16 for rice, despite having been in existence for 24 years.

However, the panel does not look into the issue of why PDS has not been diversified to include pulses, edible oils and coarse grains. With community kitchens, a market can be created for these crops, and even vegetables. The Supreme Court, last November, urged the Centre to come up with a plan for community kitchens, in response to which the latter entrusted the task to a group of secretaries. Little has been heard on the matter since then. It is not clear why community kitchens have not picked up in most States. In sum, PDS reform deserves fiscal support. <https://www.thehindubusinessline.com/opinion/editorial/ending-pmgkay-valid-but-malnutrition-an-issue/article66311249.ece>



## **17. How the New Free Grain Scheme Will End up Increasing Poverty ([thewire.in](http://thewire.in)) December 28, 2022**

The government has announced free foodgrains to 81 crore poor in the country for one year.

This will be under the National Food Security Act (NFSA) but is like an extension of the free foodgrains scheme announced under the Pradhan Mantri Garib Kalyan Yojana (PMGKY) in March 2020, which provided 5 kg of foodgrains to each poor person. It was to cover 80 crore people badly impacted by the pandemic and the complete lockdown.

At that time, NFSA was already in existence and providing subsidised foodgrain to the poor. It covers 75% of the rural population and 50% of the urban population. The number to be covered was estimated to be 81.34 crore. As per the official website of NFSA, 80 crore poor people were getting rice, wheat and coarse grain at Rs 3/Rs 2/Rs 1 per kg.

### **Reduction in food subsidy**

Budget documents reveal that the two schemes together led to a food subsidy of Rs 2.9 lakh crore in 2021-22.

In 2019-20, before the PMGKY scheme was launched, the food subsidy was Rs 1.09 lakh crore. Now the two schemes are being merged into the NFSA with 5 kg of foodgrain provided free to 81 crore poor.

So, the food grain provided under PMGKY will be given to the poor but what they were getting at concessional rates under NFSA will no longer be made available to the poor. Thus, the government will save Rs 1.09 lakh crore of subsidy that went for the cheap foodgrains under the earlier NFSA.

This will become an additional burden on the poor, and it will be much higher than the subsidy saved by the government. The poor will have to supplement their needs from the free market where the price of foodgrains is now much higher than the Public Distribution System price. In 2022, due to an early summer, wheat production and procurement declined. Paddy crops also suffered due to late rains in major rice-growing areas and flooding towards the end of the season.

### **Poverty will increase**

How much will the poor have to buy in the market?

Assuming no leakages, 81 crore people were provided with about 100 million tons of foodgrain out of a production of 316 million tons. Thus, 60% of the population was getting about 32% of the foodgrains from the government and had to depend for their balance needs on the free market. The last consumption survey was in 2011-12 which may be outdated.

According to the Economic Survey, the average availability of cereals in 2019-20 (pre-pandemic) was 13.9 kg per month per person. It indicates the average consumption of foodgrains. The rich supposedly consume less per capita than the poor, but assume that the poor consume the average amount. Then, earlier, the poor had to buy 3.9 kg per person per month from the market and now they will have to buy 8.9 kg per person per month. At the current ruling price of about Rs 2,500 per quintal for wheat, the extra monthly expenditure will be Rs 575 for a family of five.

This does not take into account the lentils that the poor got under PMGKY, which will no longer be supplied.

So, poverty in India will increase. It had already increased due to loss of work and decline in incomes during the pandemic. Importantly, the government has accepted that India has 80 crore poor who need free foodgrains. So, this is a social welfare measure.

### **How many poor?**

The figure of 81 crore poor in India is not far off the mark. The World Bank has raised its poverty line from \$1.9 per day to \$2.15 per day. That is from Rs 143 to Rs 176 per day at present. Since this is in purchasing power parity terms, it can be taken as Rs 2,650 per month. So, for a family of five it comes to Rs.13,250 per month of family expenditure.

If the Delhi Socio Economic Survey of 2018 is projected to all-India level, 90% of Indian families spent less than Rs 10,000 per month and 98% spent less than Rs 20,000 per month. Of the 28 crore unorganised sector workers registered on the e-Shram portal, 94% reported an income of less than Rs 10,000 per month. Even if two people per family are assumed to be working, the family income would be less than Rs 20,000. The two figures are rather similar.

So, by international standards, 90% of Indians are poor. NFSA, covering 60% of people, actually needs to enlarge its coverage.

### **Poverty set to increase**

In brief, the government's scheme is going to increase poverty in the country even though 5 kg of foodgrain will be given free.

Now, concessional grain being given would no longer be available and the poor will be forced to buy 64% of their foodgrain requirement from the market at a high price.

Crucially, the government has admitted that there are 81 crore poor in the country. Why such a large number, when the government claims robust economic growth? Either growth is much less or it is highly concentrated in the organised sector.

Actually, both are correct. The nation does not lack resources, but they are increasingly concentrated in the hands of the well-off. The government is increasing concessions to them while cutting subsidies to the poor. Is this justice? <https://thewire.in/economy/how-the-new-free-grain-scheme-will-end-up-increasing-poverty>

### **18.      Telangana govt misappropriates panchayat funds: BJP's Bandi Sanjay Kumar ([business-standard.com](https://www.business-standard.com)) December 28, 2022**

Telangana BJP Chief Bandi Sanjay Kumar wrote to the Union Minister of Panchayati Raj Giriraj Singh alleging the Telangana government on the grounds of drawing money from the accounts of the Sarpanches without their knowledge and using the money for other purposes.

Sanjay requested the Union Minister to initiate steps against the government. He said, "I request you to initiate necessary action to protect the rights of the local bodies as per the 73 & 74 Amendments of the Constitution of India in Telangana."

Sanjay further alleged in the letter, "Government of Telangana is in the habit of diverting the funds allocated by Union Government for gram panchayats as well as other local bodies. In the recent past, I have also noticed that the MGNREGA funds are being diverted and utilised for other schemes of the state government."

BJP Chief of Telangana said, that he received representations from sarpanches from all parts of Telangana to take necessary steps for re-depositing the funds into their accounts.

Sanjay hurled multiple charges against the government for the misusing of the fund.

"Government of Telangana, misused the digital key of the bank accounts of sarpanches and withdrew the money without the knowledge of sarpanches and utilised the same for paying due power bills and also for advance payment of the bills. It is also reliably learnt that they have utilised the funds for clearing the old dues, which is against the rules," Sanjay wrote.

As per the Government of India guidelines, the 15th Finance Commission released the funds to Gram Panchayats in Telangana state a few days ago. As per the Panchayat Raj Act, sarpanches are entitled to draw the money and spend it for the welfare and other developmental activities in the respective gram panchayats, as mentioned in Sanjay's letter.

According to Sanjay's letter, as per the instructions of the Government of India, Telangana State Government opened special bank accounts in every gram panchayat in the name of sarpanch and upa-sarpanch, who are empowered to draw the money based on the resolutions of the gram panchayat committee.

The Government of India has been directly allocating and depositing funds to gram panchayats. As per instructions, 50% of the fund must be used to lay roads and the rest for welfare and maintenance activities.

As a part of instalments, all the gram panchayats in Telangana state have received funds from the Government of India, and the said fact has been intimated to the respective gram sarpanches, according to Sanjay.

But he charged the Panchayat officers and the government for misappropriating the funds. [https://www.business-standard.com/article/politics/telangana-govt-misappropriates-panchayat-funds-bjp-s-bandi-sanjay-kumar-122122800264\\_1.html](https://www.business-standard.com/article/politics/telangana-govt-misappropriates-panchayat-funds-bjp-s-bandi-sanjay-kumar-122122800264_1.html)