NEWS ITEMS ON CAG/ AUDIT REPORTS (29.12.2022)

1. How DRDO's massive project delays cost armed forces — CAG report cites 'multiple extensions' *(theprint.in)* 28 December, 2022

According to CAG audit, out of 178 high-priority projects, deadlines weren't met in 119. Report also highlights projects where costs increased exponentially due to delays.

About 67 per cent of the Defence Research and Development Organisation's (DRDO's) projects analysed by the Comptroller and Auditor General (CAG) did not adhere to deadlines, with time overruns ranging from 16 to 500 per cent.

This found mention in the CAG report titled 'Management and Outcome of Mission Mode Projects in DRDO' which was tabled in Parliament last week. The report noted that an analysis of 178 'Mission Mode' projects — high-priority projects based on specific user (Army, Navy or Air Force) requirements to be completed within a definite time-frame — showed that in 119 projects, the original schedules were not adhered to.

In fact, in 49 projects, additional time taken to complete the project was equal to or even exceeded the duration of the original time-frame. In 51 cases, only one extension was sought, while in 39 cases, the extension of probable date of completion was sought more than once. In 23 cases, extension of probable date of completion was sought three to five times whereas in six cases, the probable date of completion was extended six to seven times.

"The practice of seeking multiple extensions defeats the very purpose of projects taken under Mission Mode category," the report stated. It added that these extensions were largely sought due to reasons such as delays caused by frequent changes in design specifications, delay in completion of user trials and in placing supply orders.

In 11 of the 119 delayed projects, approvals from the competent authority for extension of timeline were not taken even after expiry though project activities continued. In 52 instances where extension was taken, the process for revisions to the probable date of completion was initiated after the expiry of timeline, in contravention to guidelines.

Extended deadlines, higher costs
"The delay in completion of projects has a serious impact on acceptance of the product by users due to obsolescence of technology or users fulfilling their requirement by importing the required products," the CAG report said.

The auditor added that large scale non-compliance of Procedures for Project Formulation and Management (PPFM) clearly indicated that determination of the original probable date of completion (PDC), as is being followed in the DRDO, is "flawed and that PDC extensions are taken up as a routine matter, which vitiates the spirit of the related provisions in the PPFM".

The Audit noted that due to inordinate delays in completion of projects, expenditure incurred on development of technology in various cases did not represent value for money, and many times the Users had to fulfill requirements by taking recourse to importing the requisite product.

For instance, the defence ministry had in February 2011 sanctioned a project for design and development of a Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicle

(UAV) and development of Aeronautical Test Range (ATR) at a total cost of Rs 1,540.74 crore with PDC of 66 months (August 2016).

The project was to be executed by the Aeronautical Development Establishment, Bengaluru, in association with the Defence Electronics Applications Laboratory (DEAL), Dehradun, based on requirements formulated in 2008 and subsequently revised in 2011.

It was proposed that 76 UAVs would be developed for the forces — Army, Navy and Air Force — and the Army was nominated to monitor the development.

"The project failed to meet the laid down timelines and was plagued with multiple issues relating to airframe, engine, payload and line replacement units (LRUs) as a result of which PDC was extended five times up to 2020," the CAG noted, adding that in November 2020, PDC was again revised to August 2023. The cost of the project was also revised to Rs 1,786 crore.

The revisions were largely due to increase in "all-up" weight (total weight of the aircraft), delay in procurement of import payloads, export denial of critical items, delay in completion of ATR facility and requirement of additional spares for flight tests.

The audit noted that a total of 110 flight trials had been conducted till August 2020 under the project, however, the UAV failed to meet the prescribed requirements.

"…even after completion of more that nine years from the date of sanction and incurring an expenditure of Rs 942 crore, the project is yet to meet the user requirements… which is indicative of the challenges that DRDO needs to proactively address in transitioning cutting-edge technology into usable weapon platforms," the CAG said, adding that till the successful completion of the project, the services will have to remain dependent on private/foreign vendors to meet their immediate operational requirements.

Similarly, the report notes that the development of the HELINA missile — a third generation fire-and-forget class anti-tank guided missile system mounted on the Advanced Light Helicopter (ALH) — envisaged in 2006 and sanctioned by the defence ministry in 2008 with a December 2010 deadline, were yet to be delivered in August 2021.

In flight trials conducted in April this year, HELINA missile was successfully test-fired from indigenously-developed Advanced Light Helicopter (ALH) in Ladakh.

In another instance, the ministry had in October 2008 sanctioned a project for the development of a Ring Laser Gyro (RLG) based Inertial Navigation System (INS) for Submarines (SRINS) at a cost of Rs 45.50 crore with PDC up to October 2013, and later extended to October 2014.

In January 2015, DRDO was intimated that due to delays, the INS onboard the submarine had to be upgraded with an imported sub-system.

"Thus, due to delay in development of SRINS under the project, even after incurring an expenditure of Rs 22.75 crore, Navy had to import the same for meeting its requirements," the CAG said, adding that the delay in completion of projects within the original PDC also has implications for the defence services in their operational planning. \https://theprint.in/defence/how-drdos-massive-project-delays-cost-armed-forces-cag-report-cites-multiple-extensions/1286024/

2. External Affairs Ministry slammed in CAG report for revenue loss of 580 million *(nriaffairs.com)* Dec 29, 2022

External Affairs Ministry was criticised by India’s Comptroller and Auditor General (CAG) for mismanaging its finances and losing money, in a recently released audit report.

The Overseas Citizenship of India (OCI) card scheme’s incorrect application of fees resulted in a revenue loss for the exchequer of 582.3 million rupees, according to the CAG. The establishment of Indian Cultural Centers in Paris and Washington was also criticised for having “irregularities,” according to the nation’s top auditor. Despite costly purchases of real estate in each of these capital cities, these buildings have not been used for about ten years.

According to an audit of how the Ministry applied OCI fees, 17 missions and posts throughout Europe as well as three in the UK failed to accurately adjust the exchange rates between local currencies and the US Dollar in order to determine OCI card fees. For instance, the aforementioned locations in Europe retained the OCI card price at 216 euros even though it was supposed to increase to 262 euros.

162.6 million rupees were lost in total revenue from the 17 missions and posts in Europe. According to the CAG, an identical misapplication of OCI fees in the UK “resulted in a loss of 419.7 million on the issue of fresh OCI cards at a lower exchange rate, during February 2017 and March 2020.”

The CAG disagreed with the MEA’s claim that the income loss was solely notional. The audit commission estimated that the under-collection of fees had cost the government 58 crore rupees.

The purchase of two vacant sites in Washington and Paris that were meant to be utilised as Indian Cultural Centers also drew a lot of attention.

The CAG in its report stated, “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 report continues by posing important queries regarding the selection of the subject properties. It contends that the Ministry proceeded with the acquisition despite knowing in advance that the property chosen to serve as India’s Cultural Centre in Washington had serious flaws.

The audit body’s report stated, “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.”

The government paid close to 300 million rupees for the vacant property in Paris, plus an additional 148.9 million rupees for the expense of a security firm to guard the property.

Furthermore, the paper highlights “avoidable” costs incurred by India’s embassies in China and Jamaica. The High Commission in Jamaica was criticised for shoddy contracting procedures that resulted in a cost overrun of more than 5.1 million rupees, while the former is being investigated for questionable payments to contractors totalling 100 million rupees. https://www.nriaffairs.com/external-affairs-cag-revenue-loss-580-million/

3. CAG inaugurates centre for handicraft artisans in Mayurbhanj district of Odisha *(newindianexpress.com)* Dec 29, 2022

BHUBANESWAR: A common facilitation centre for 550 artisans was inaugurated by the Comptroller and Auditor General (CAG) of India Girish Chandra Murmu at Kainfulia in the Mayurbhanj district on Tuesday.

The facility, constructed under the Scheme of the Fund for Regeneration of Traditional Industries, is aimed at categorising traditional industries, artisans and producers into collectives and supporting them to produce quality and competitive products to ensure the long-term sustainability of the sector.

The facility will benefit artisans of Kanifulia, Haripur, Singhtia, Guabehera, Khuntapal, Sansa, Birua, Manitar and Mahulia villages. It has been set up at a cost of Rs 1.95 crore and houses machinery for making bamboo furniture, sal leaf plates and bowls, and machines for spinning, weaving and stitching of Sabai grass for making various household and handicraft items. https://www.newindianexpress.com/states/odisha/2022/dec/29/cag-inaugurates-centre-for-handicraft-artisansin-mayurbhanj-district-of-odisha-2532837.html

4. CAG ने ओडिशा के मयूरभंज जिले में हस्तशिल्प कारीगरों के लिए केंद्र का उद्घाटन किया *(jantaserishta.com)* Dec 29, 2022

भारत के नियंत्रक एवं महालेखा परीक्षक (कैग) गिरीश चंद्र मुर्मू ने मंगलवार को मयूरभंज जिले के कैनफुलिया में 550 कारीगरों के लिए एक सामान्य सुविधा केंद्र का उद्घाटन किया।

पारंपरिक उद्योगों के उत्थान के लिए कोष की योजना के तहत निर्मित इस सुविधा का उद्देश्य पारंपरिक उद्योगों, कारीगरों और उत्पादकों को सामूहिक रूप से वर्गीकृत करना और क्षेत्र की दीर्घकालिक स्थिरता सुनिश्चित करने के लिए गुणवत्ता और प्रतिस्पर्धी उत्पादों का उत्पादन करने के लिए उनका समर्थन करना है।

इस सुविधा से कनिफुलिया, हरिपुर, सिंघटिया, गुबेहेड़ा, खूंतापाल, संसा, बिरुआ, मनितर और महुलिया गांवों के कारीगरों को लाभ होगा। यह 1.95 करोड़ रुपये की लागत से स्थापित किया गया है और इसमें बांस के फर्नीचर, साल के पत्तों की प्लेट और कटोरे बनाने की मशीनरी और विभिन्न घरेलू और हस्तशिल्प वस्तुओं को बनाने के लिए सबाई घास की कताई, बुनाई और सिलाई के लिए मशीनें हैं। https://jantaserishta.com/local/odisha/cag-inaugurates-center-for-handicraft-artisans-in-odishas-mayurbhanj-district-1874409

5. No action plan by MoEF&CC to handle plastic waste, finds CAG *(downtoearth.org.in)* 29 December 2022

The Union Ministry of Environment, Forest & Climate Change (MoEF&CC) has mechanisms to assess the generation of plastic waste, but none for its collection and safe disposal, found a compliance audit by the Comptroller and Auditor General (CAG) of India December 21, 2022.

Plastic Waste Management (PWM) Rules, 2016, could not be implemented effectively and efficiently due to a lack of an action plan by the MoEF&CC, the report further said. The ministry is also lacking in effective coordination with pollution control boards, it said.

The ministry was also silent about the existence of a policy for plastic waste reduction, reuse and recycling, CAG observed in its audit.

The audit report said:

The MoEF&CC stated to have adopted a three-pronged strategy for effective implementation of the rules, which include behavioural change; strengthening of the institutional system for the collection, segregation and recycling of plastic waste; and engagement with producers, importers and brand owners through Extended Producer's Responsibility.

But the ministry did not have an action plan for the effective implementation of the said strategy for 2015-20, it found. "The preparation of a comprehensive action plan was initiated in May 2021 and is still underway," CAG said.

"The stakeholders — MoEF&CC, Central Pollution Control Board (CPCB), State Pollution Control Boards (SPCBs) — are not working in tandem to control generation, putting effective system for collection and safe disposal of plastic waste," the CAG report observed.

The Plastic Waste Management Rules framed by MoEF&CC lack comprehensiveness to give thrust to effective implementation and monitoring thereof, it added.

The audit aimed to assess the effectiveness and compliance of the provisions of Plastic Waste Management Rules to examine their adequacy in managing plastic waste. It also addressed the risks posed by plastic waste to the environment and health.

Details of plastic waste generated across the country from 2015-16 to 2019-20

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Year	Plastic waste generated (Tonnes per day)
2015-16	4,354.57 (information from 19 states/Union Territories)
2016-17	4,297.80 (information from 21 states/UTs)
2017-18	1,810.30 (information from 14 states/UTs)
2018-19	9,205.59 (information from all 35 states/UTs)
2019-20	9,506.20 (information from all 35 states/UTs)

CAG selected several bodies to review records for 2015-16 to 2019-20.

These were 18 wards from six zones of three Urban Local Bodies (ULBs) in Delhi, eight ULBs and thirty Rural Local Bodies (RLBs) from six sampled districts in Punjab and four ULBs and nine Panchayati Raj Institutions (PRIs) from three districts in Sikkim.

A compliance audit of 92 out of 448 units was conducted from 2019 to 20. An audit of 100 out of 352 units was carried out in 2020-21 based on available resources and risk assessment, which included Central Public Sector Enterprises of Scientific and environmental ministries/departments.

A reliable assessment of waste generated is essential for planning and effective implementation of waste management, which can guide in decision-making. Hence, data of assessment of plastic waste is the first step towards effective policymaking, the audit report said.

There is no uniform method for assessment of plastic waste generation within a state, the report further said. For instance, the data of plastic waste generation reported by ULBs was based on assumptions without any sound rationale, it found.

"In Delhi, [erstwhile] East Delhi Municipal Corporation and New Delhi Municipal Council assumed the plastic waste generation to be 10 per cent of the total municipal solid waste. On the other hand, [erstwhile] South Delhi Municipal Corporation calculated it at the rate of 4.4 to 6 per cent of the total waste generated," the report said.

Waste collection, recycling, co-processing and its ultimate disposal in scientific and environment friendly manner are essential elements of plastic waste management system, the report added.

Millions of tonnes of plastic waste are lost to the environment or sometimes shipped thousands of kilometres to destinations where it is mostly burned or dumped. If incinerated, its toxic compounds are spewed into the atmosphere to be accumulated in biotic forms throughout the surrounding ecosystems.

When buried in a landfill, plastic lies untreated for years. In the process, toxic chemicals from plastics drain and seep into groundwater, flowing downstream into lakes and rivers. The seeping of plastic also causes soil pollution due to the presence of microplastics in the soil.

Rivers and lakes also carry plastic waste from deep inland to the sea, making them major contributors to ocean pollution. https://www.downtoearth.org.in/news/waste/no-action-plan-by-moef-cc-to-handle-plastic-waste-finds-cag-86836

6. SC constitutes panel to probe into misuse of funds by Nagaland govt for NRHM programmes *(newindianexpress.com)* 28 December 2022

The Supreme Court recently constituted a panel consisting of three senior IPS officers to probe into the allegations of misuse of funds for the National Rural Health Mission (NRHM) programme by the Nagaland government.

A bench of Justices Surya Kant and JK Maheshwari also directed the panel to submit a report to the competent court within six months.

"The most appropriate recourse, to which there is no serious objection from both sides also, would be to constitute another SIT comprising three senior IPS officers of IPS Cadre, preferably direct recruits, to further investigate the allegations and if any substance in such allegations is found, to submit a supplementary charge-sheet," the court said in its order.

The bench also directed the newly constituted panel to look into all the allegations and also consider the CAG Report.

Court's order was passed in a plea which was filed by social activist Rosemary Dzuvichu against Guahati HCs order passed in her plea seeking an independent probe into the misuse and embezzlement of funds provided by the centre to the state for implementing programmes under NHRM. Although the HC after perusing Technical Verification and the Inquiry Report dated 7th July 2013 and formal F.I.R dated 30th July 2014 felt satisfied with the action taken by authorities towards investigating the allegations but she still approached the SC due to being dissatisfied by HCs order.

It was alleged in the plea before SC that NHRMs Engineering Division had made bulk advances in cash against various fictitious works but instead of and kick-backs were allegedly paid to high ranking NRHM officials. The plea also said, "Instead of extending helping hand to pregnant women or lactating mothers and little children at the public health centres, the funds provided by the Government of India were allegedly spent on purchasing of high and luxury vehicles."

Denying the allegations state's Advocate General submitted that a thorough probe had been conducted. He also added that not only a part of the allegations were turned down by the Comptroller and Auditor General of India but even the rest of the allegations were also thoroughly probed and a chargesheet was also filed after the completion of the investigation by a Special Investigation Team.

Considering the contentions, the court had said, "We are of the view that this Court is not the correct forum for the investigation or to reach any logical conclusion with respect to the veracity of the allegations levelled by the appellant. Similarly, the impartiality, objectivity and fairness of the investigation carried out by the SIT will be considered by the Court of competent jurisdiction in due course of time. It is inappropriate for this Court to make any expression on these issues as it might unwittingly prejudice any of the parties." https://www.newindianexpress.com/nation/2022/dec/28/sc-constitutes-panel-to-probe-into-misuse-of-funds-by-nagaland-govt-for-nrhm-programmes-2532601.html

STATES NEWS ITEMS

7. Assam social welfare department gave undue benefit to food suppliers: CAG *(hindustantimes.com)* 29 Dec 2022

Assam social welfare department made purchases at exorbitant rates and gave undue benefit of over ₹94 crore to suppliers of rice and peas in 2019-20, the Comptroller and Auditor General (CAG) of India has said in its report submitted last week to the state assembly.

The report for the financial year ending March 2020 added the department failed to ensure compliance with National Food Security Act (NFSA) and did not make a provision for nutritional support to children aged 6 to 72 months, pregnant women, and lactating mothers.

The CAG found the market price of rice and white peas per kg was ₹40 and ₹62. It added the total bill including transportation of the rice and peas procured should have been ₹297.70 crore. But the suppliers claimed ₹392.03 crore and the department paid that amount.

The report said thus an undue benefit of ₹94.32 crore was given to the suppliers through payment of ₹392.03 crore for food items estimated to have cost ₹297.70 crore.

The NFSA mandates appropriate free meals to the identified beneficiaries through local anganwadi or rural child care centres. It specifies nutritional standards by providing take-home ration (THR) or nutritious hot-cooked meals (HCM) in accordance with Integrated Child Development Service.

The CAG said the NFSA assures the supply of subsidized rice to the states at ₹3 per kg for supplementary nutrition. It added had rice been obtained through the public distribution system, the actual cost would have been lower by ₹182.87 crore.

The CAG said the social welfare director showed a supply of items such as rice, pulses, puffed rice, peas, suji, sugar, milk powder, and oil under THR for the release of the Centre's funds. "...the department supplied only rice and white peas, which violated guidelines and didn't ensure 'wholesome nutrition' for beneficiaries," the report said.

It added the department did not meet nutritional requirements mandated under NFSA for food items with adequate calories, proteins, and micronutrient-fortified foods for children, pregnant women, and lactating mothers.

The CAG noted Assam has one of the highest rates of maternal and child mortality, implying the strong need for nutritional support, which the state has failed to ensure.

In its response to the CAG, the department justified the payments saying suppliers bore all costs for food, transportation, and fuel within the unit cost prescribed per beneficiary daily.

The CAG called the response unacceptable as no other items were supplied, and nor was the department contractually bound to do so as per the supply order. It recommended fixing accountability in a time-bound manner for the undue financial benefit to the supplier and recovery of the excess amount. https://www.hindustantimes.com/cities/others/assam-social-welfare-department-gave-undue-benefit-to-food-suppliers-cag-101672303973738.html

8. Assam Social Welfare Department adds yet another scam in list *(sentinelassam.com)* 29 Dec 2022

GUWAHATI: Yet another scam has surfaced in the State Social Welfare Department, this time in the supply of supplementary nutrition. The department gave a few suppliers undue financial benefits amounting to Rs 94 crore for purchase of rice and pea under the Take-Home Ration Scheme.

For the past few years, scam after scam tainted the State Social Welfare Department scam in procuring materials at exorbitant prices, short supply etc. Strangely enough, the authorities concerned did not seem to have taken action against any of the erring officials.

According to the CAG (Comptroller and Auditor General), NGOs supplied around 49,000 MT of rice and around 14,000 MT of white peas to beneficiaries, following an order from the Director of Social Welfare in 2019-20. "The bills were claimed and paid based on cost norms by multiplying the unit cost norm with the number of beneficiaries and the number of feeding days instead of considering the total supplied quantities of rice and pea. It has led to undue financial benefit to the tune of Rs 94.32 crore to the NGOs," the report said.

The report also said that six out of 46 NGOs supplied around 74 per cent of the total supply. "No ground was recorded for such disparity in awarding supply orders amongst the suppliers having equal capacity. It is indicative of extending such undue financial benefits to certain selected NGOs," the report said. The CAG observed that despite spending hundreds of cores of rupees each year, the Government of Assam was not able to meet the commitment of nutritional assurance given in the National Food Security Act and envisaged in the supplementary nutrition programme guidelines. The CAG recommended that 'accountability may be fixed in a time-bound manner for improper implementation of supplementary nutrition programme leading to undue financial benefits extended to certain suppliers and steps taken for recovery of the same'. https://www.sentinelassam.com/topheadlines/assam-social-welfare-department-adds-yet-another-scam-in-list-630323

9. CAG points out 'irregularities' worth crores in implementation of forest schemes in Punjab *(hindustantimes.com)* Dec 28, 2022

The Comptroller and Auditor General of India (CAG) has found alleged "irregularities" worth crores, including unauthorised expenditure and non-utilization of funds, in the implementation of the schemes for forest conservation and tree plantation in Punjab.

The Principal Accountant General (Accounts and Entitlements), in its annual review of the working of forest divisions for 2021-22, pointed out that non-utilization of funds totaling ₹ 27.60 crore allocated by the forest department to the Punjab State Forest Development Corporation Limited for the purchase of land for compulsory afforestation in the state. "Non-utilization of the available funds for purchase of land for compulsory afforestation has defeated the very purpose of creation of the fund…the process of plantation on the land is also very slow," according to the report.

The PAG (A&E) said that during the years 2011-13, the corporation purchased 123 acres of land for compulsory afforestation and the mutation was done in the name of the forest department. The company could not purchase any land for the next seven years and 67 acres of land was purchased in 2019-20, but the plantation on this land was yet to be started. During the year 2020-21, 87 acres of land worth ₹ 14 crore was purchased, thereby leaving a balance of ₹ 27.60 crore unspent as on March 2021, it said.

The Punjab government framed a policy in 2010 for purchasing non-forest land for compensatory plantation through the corporation, which was allowed to charge 15% of the total cost for rendering the service. The funds for the purchase of non-forest land are collected by divisional forest officers from user agencies and given to the company.

In July 2021, the department issued a comprehensive policy with the provision that PSFDCL will purchase land for compensatory afforestation to the extent of using 80% of the fund available at the start of the financial year. The department has been asked by PAG (A&E) to intimate the reasons for not utilizing the funds, besides the action proposed to ensure its utilization in accordance with the government policy.

The report has also flagged unauthorized expenditure out of funds allocated under the Punjab Compensatory Afforestation Fund Management and Planning Authority (PUNCAMPA). "During a test check of records of the office of the conservator of forest (Wild Life) park and protected areas circle, Mohali, it was noticed that amounts of ₹ 24 lakh, ₹ 25 lakh, and ₹ 3.45 lakh were allotted under PUNCAMPA during years 2018-19, 2019-20 and 2020-21, respectively. Out of which ₹ 23.99 lakh, ₹ 24.77 lakh and ₹ 2.10 lakh were spent on telephone bills, POL, electricity and vehicle repairs which are not allowed to be incurred from PUNCAMPA funds as per rules," it said. These funds can only be utilized for the protection of plantations, artificial generation, and establishment and maintenance of animal rescue centres, modern nurseries, and forest paths.

The review report pointed out non-utilisation of funds under the agro-forestry scheme, non-release of state share for assistance for conservation and management of wetlands, and huge outstanding from contractors against the sale of standing trees and supply of timber. https://www.hindustantimes.com/cities/chandigarh-news/cag-points-out-irregularities-worth-crores-in-implementation-of-forest-schemes-in-punjab-101672249214945.html

10. Haryana CM Khattar slams LoP, says his statements wrong *(indianexpress.com)* 29 Dec 2022

On the last day of the Haryana Vidhan Sabha's winter session that concluded this evening, chief minister slammed the Opposition "for making wrong statements" and responding to various issues raised by the opposition as well as ruling party's MLAs during the three day session.

In his reply given in the House, Khattar began taking a dig at Leader of Opposition Bhupinder Singh Hooda accusing the latter of "making a wrong statement about the state government having high debt".

"Statement of the Leader of Opposition was beyond facts. Citing the 2021-22 report of the CAG, the Leader of Opposition said that the state has a debt of more than Rs 4,15,000 crore; while in reality the amount of debt on Haryana in 2021-22 has been shown at Rs 2,39,000 crore in the CAG report. A debt of Rs 2, 27,697 crores is recorded in the account books of the Haryana government. If the difference of this amount is also taken out, then only a difference of Rs 12,000 crore is visible; but the state does not have a debt of Rs 4,15,000 crore in any respect. The state's debt position should always be disclosed correctly and the facts placed before the House should be correct. Haryana's economic condition is better than other states.

During the Covid period, the central government has fixed the loan limit to 4 percent, while the Haryana government has managed to maintain this limit up to 2.99 percent. As per the norms of the central government during the Covid period, we could have taken Rs 40,661 crore, while we took a loan of Rs 30,000 crore. While a loan of Rs 40,870 crore could have been taken during 2021-22, we have taken only Rs 30,500 crore", Khattar said. He also holds the portfolio of Finance department.

Responding to the issue raised by Pataudi MLA Satya Prakash Jaravata regarding a pending acquisition amount to be paid to the farmers for acquisition of about 1810 acres of land in Manesar, Khattar said, "No Litigation Policy-2022 has been formulated in view of the delay in land acquisition due to dissatisfaction over the acquisition of about 1810 acres of land for the development of Industrial Model Township in Kasan, Kukrola and Sehrawan villages of Manesar tehsil.

Special acquisition proceedings have been adopted to ensure the proper rehabilitation of displaced landowners. Objective of this policy is to ensure rapid development with the voluntary participation of landowners. For this, the landowners who choose not to challenge the acquisition of their land and accept the approved amount of compensation will be adequately compensated. https://indianexpress.com/article/cities/chandigarh/manohar-lal-khattar-haryana-assembly-winter-session-lop-8349615/

11. Civic life deplorable in Garden City as BBMP flounders *(thehansindia.com)* 29 Dec 2022

Bengaluru: Our Bengaluru stories were a big hit — from those that put lapses of civic agencies in the spotlight to killer potholes and encroachment drives. Our readers lapped them all up in 2022.

The Karnataka High Court in February warned that strict action would be taken against the Bruhat Bengaluru Mahanagara Palike Chief Engineer and other officers responsible. "We cannot allow the public to die like this," the Court said, as the Bengaluru roads are yet to get free from potholes and craters. A Division Bench headed by Chief Justice Ritu Raj Awasthi and Justice Sachin Shankar Magadum noted that Bengaluru roads continue to be in a dilapidated condition despite multiple repairs being conducted.

After the Karnataka High Court expressed concern over the quality of work in road repairs in response to the claim by the Bruhat Bengaluru Mahanagara Palike (BBMP) that all potholes in the city were fixed, civic body Chief Commissioner Gaurav Gupta warned that a criminal case will be filed against those who dig roads without prior permission from the authorities. The roads in the BBMP limits are extremely dangerous, according to a report of the Comptroller and Auditor General of India (CAG). "These roads have 19 to 20 hazards per kilometre," the report noted.

The BBMP 2022-23 budget for an outlay of Rs 10,480.93 crore was prepared by a team of officials in the absence of elected council members for second consecutive year. An hour before the end of the fiscal year, the Special Commissioner of the Finance Division TulsiMaddineni presented the budget and got the approval of the administrators.

The government has provided Rs 6,768 crore for three years between 2018 and 2021 for construction and repair of major and sub roads in the city. Of this, 7,011 km of road development work has been undertaken and 4,696 km of road development has been completed.

On May 7, the Bruhat Bengaluru MahanagaraPalike (BBMP) Chief Commissioner TusharGirinath took charge and has expressed optimism that the system can be corrected by creative decisions. When a pothole appears on the road, an immediate action should be taken to fix it. Otherwise the pothole will turn into a crater. A stretch of road, asphalted as part of the Rs 23-crore road work, the Jnanabharathi Main Road was repaired at a cost of Rs 6 crore and Modi travelled on this stretch in June. After a spell of overnight rain, this stretch of road caved in.

The potholes in Bengaluru are now death beds, where is the permanent solution? Former CM HD Kumaraswamy questions the state government. He has also made a series of tweets in this regard, by taking government to task.

The ChamarajpetEidgah ground controversy did not end that soon. While Muslims were claiming that the EidgahMaidan belongs to them, the BBMP stated it is a playground and it belongs to them. A bandh was called for in Chamarajpet on July 12 by several pro-Hindu organisations. Around 52,262 people have been bitten by dogs under the BBMP limits in two and a half years since 2020. This fact was revealed during the survey conducted by the Corporation in August.

The BBMP, which had started Rajakaluve encroachment drive, has now taken a break from bulldozing. Due to the disaster from flooding in the Bengaluru east part in the recent torrential rains. The corporation officials have indiscriminately destroyed the houses built by the poor and the middle class, and have put a brake on the operation as soon as they come across the buildings of the rich. Bengaluru is becoming a concrete jungle day by day and the greenery is diminishing. Trees are being felled in the name of development works, BBMP has cut down 1,671 trees for various projects in the last 4 years.

The flyover expansion project designed to solve the vehicular traffic problem in the Hebbal flyover has no work progress. The project is nothing but an election campaign and voter wooing strategy for the political parties, as the administrative machinery does not seem to have the will to implement the project.

Even though the financial situation of BBMP has improved and all the debts obtained by mortgage of the BBMP properties have been repaid. However, a letter has been written seeking a grant from the state government to pay the bills to the contractor who have completed the work. Also the BBMP ensured there is no plastic used in the city, as they seized around 19.5 tonnes of banned single use plastic and imposed a fine of Rs 70,000. The use of single-use plastic is completely banned and the BBMP is creating awareness among vendors and citizens to use reusable cloth bags and paper covers. Meanwhile, the BBMP finance department is already preparing the budget for the year 2023-24, and this time it has been discussed to set the budget size at Rs 5,500 crore. The budget will be set regarding the projects and maintenance works to be undertaken under BBMP. https://www.thehansindia.com/news/cities/bengaluru/civic-life-deplorable-in-garden-city-as-bbmp-flounders-775382

12. पंचायत राज विभाग की ऑडिट को आई महालेखाकार की टीम *(livehindustan.com)*
28 Dec 28, 2022

बुधवार को महालेखाकार कार्यालय प्रयागराज के सहायक लेखा परीक्षा अधिकारियों की टीम जिला पंचायत राज विभाग की ऑडिट करने विकास भवन पहुंची। अधिकारियों ने ऑडिट के पहले दिन से जांच पड़ताल शुरु कर दी है।

महालेखाकार कार्यालय प्रयागराज से आए सहायक लेखा परीक्षा अधिकारी हर्ष यादव, गजेंद्र सिंह एवं विनय कुमार श्रीवास्तव ने विभाग संबंधी सभी प्रकार के रिकार्डों को सूची मांगी। इसके साथ ही विभाग को मिलने वाली ग्रांट का लेखा जोखा संबंधी दस्तावेज लिए। इसके अलावा कर्मचारियों की सेवा पुस्तिका का ब्यौरा भी लिया। ऑडिट कार्य भारत सरकार के अधीन महालेखाकार कार्यालय के लेखा परीक्षा अधिकारियों के माध्यम शुरु किया गया है। यह ऑडिट कार्य चार से पांच दिनों तक लगातार चलेगा। जांच पड़ताल पूरी होने के बाद सभी जानकारी भारत सरकार को भेजी जाएगी। https://www.livehindustan.com/uttar-pradesh/etah/story-accountant-general-39-s-team-came-for-audit-of-panchayat-raj-department-7553928.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

13. Laboured wages: On MGNREGS payments to States *(thehindu.com)* December 29, 2022

Any delay in funds to be paid to States for Mahatma Gandhi National Rural Employment Guarantee Scheme payments is unethical

A testy exchange in the Rajya Sabha between the Minister of State for Rural Development, Sadhvi Niranjan Jyoti, and the Trinamool Congress MP, Jawhar Sircar, on the withholding of funds for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in West Bengal laid bare a key implementation issue — wage delays. A report by the non-profit organisation LibTech India found that ₹2,744 crore was still due to workers for work done since December 26, 2021. The delay in the payment, which is contrary to what is stated in Section 3 of the NREG Act, has resulted in a drop in the number of households working under the scheme in the State — from 77 lakh during the pandemic years to 16 lakh in the current financial year. The current number falls short of the 49.25 lakh households which availed the scheme in the last pre-COVID-19 year as well. The Union Government in its response suggested that funds have been blocked only in West Bengal for "non-compliance with the directives of the Central government" and this pertains to prior fund misuse, but the Trinamool Congress government's response is legitimate. The State has answered queries related to the misuse and the blocking of funds to workers; the fact that misuse has reportedly covered only a fraction of the grants suggests that workers are being unduly punished.

Wage delays have been a chronic problem with MGNREGS, which, beyond being a form of insurance for the poorest rural households, was a boon during the pandemic years, giving succour not only to such households but also to migrant workers from urban areas as alternative employment. Earlier this year, the delays in funds disbursal to the States were on account of procedural delays and an overhauling of the Public Financial Management System (Finance Ministry). This should not be a problem if the Union government sets aside adequate funds at the beginning of the financial year. While an emphasis on reducing misuse is necessary — in particular, ensuring that the scheme is put into use by actually undertaking public works — the misplaced reliance on technocratic approaches has stymied its implementation. The Government has now made digital capture of MGNREGS attendance mandatory at work sites, despite issues such as the lack of technical support, the necessity to own a smartphone, and workable Internet connections at the sites not having been fully resolved. A scheme such as MGNREGS needs to evolve while keeping its core idea of a demand-driven work allocation intact. Treating it as a burden will only hurt genuine beneficiaries. https://www.thehindu.com/opinion/editorial/laboured-wages-the-hindu-editorial-on-mgnregs-payment-to-states/article66314540.ece

14. Centre owes over Rs 8,305 crore to states, Union Territories under MGNREGA, shows data *(scroll.in)* December 28, 2022

The Union government owes more than Rs 8,305 crore to states and Union Territories in payments under the Mahatma Gandhi National Rural Employment Guarantee Act, official data shows, as of Wednesday.

The bulk of the dues is under the head of payments towards material costs, which amounts to Rs 7,306.53 crore. The Centre also owes Rs 649.69 crore as wages for unskilled labour, and Rs 349.12 crore in administrative costs.

Among states, the Centre owes the highest amount to Uttar Pradesh (Rs 1,711.54 crore) followed by Andhra Pradesh (Rs 1,005.31 crore) and West Bengal (Rs 664.31 crore).

Since December 2021, the Centre has not been allotting funds under the Act to West Bengal, citing violations in the implementation of the scheme by the state government.

A report released by Delhi-based non-profit organisation LibTech showed that Rs 2,744 crore were due as payments to workers since December 26, 2021. "Workers lost about Rs 3,891 Cr to Rs 6,046 Cr in the form of wages during the current year due to stoppage of NREGA works," the report said.

The figure of Rs 3,891 crore was calculated on the basis of wages paid in pre-coronavirus years, while on the basis of wages paid during pandemic years, the number would be Rs 6,046 crore.

Meanwhile, the Centre's data showed that Mizoram provided the highest number of employment days per household (70.71), followed by Tripura (49.14) and Ladakh (45.89). The average number of days for which work under the MGNREGA was provided across the country was 40.19 across the country. https://scroll.in/latest/1040733/centre-owes-over-rs-8305-crore-to-states-union-territories-under-mgnrega-shows-data

15. CBIC asks taxmen to recover lower dues from firms under insolvency *(business-standard.com)* December 29, 2022

The Central Board of Indirect Taxes and Customs (CBIC) issued two key circulars on Wednesday, clarifying its stance on the treatment of tax dues from companies undergoing insolvency and the limitation period for issuing show-cause notices under the Goods and Services Tax (GST) regime. This is following the approval of the GST Council in its December 17 meeting.

On the issue of recovery of tax dues from firms under insolvency, the apex body of indirect taxation clarified that proceedings under Insolvency and Bankruptcy Code (IBC) would now come under the purview of Section 84 of the CGST Act. The provision deals with the process to be followed when the original tax, interest or penalty ('Government Dues') stands reduced under an appeal, revision or other proceedings.

The circular clarified that scope of 'proceedings' under Section 84 would cover those under IBC as well. Therefore, where confirmed government dues stand reduced under an IBC order, the GST department shall only recover such reduced dues by following the prescribed procedure.

Under the procedure, an intimation for such reduction of government dues has to be given by the Commissioner to such person and to the appropriate authority with whom the recovery proceedings are pending. Further, recovery proceedings can be continued in relation to such reduced amounts of government dues.

In a separate circular, CBIC clarified that in case a show-cause notice was issued beyond the "limitation period" and the adjudicating authority held that an extended period of limitation cannot be invoked, then the entire proceeding will have to be dropped. It further clarified that in case a show-cause notice was issued for multiple financial years and only a part of the period is subject to limitation, then the demand will sustain only for the period which is under the limitation period.

GST law provides an effective period of two years and nine months from a prescribed date to issue a show-cause notice. https://www.business-standard.com/article/economy-policy/cbic-issues-clarifications-on-tax-recovery-from-firms-under-insolvency-122122801189_1.html

16. Debate over old pension scheme divides State governments and Centre *(frontline.thehindu.com)* Dec 29, 2022

In moves that are gathering momentum, a number of State governments are announcing or implementing decisions to reverse their shift to the new pension scheme (NPS) designed largely by the Centre. Arguing that the NPS has not delivered on its promises, they have decided to restore the old pension scheme (OPS).

All of these States—Rajasthan, Chhattisgarh, Jharkhand, Punjab, and most recently Himachal Pradesh—are ruled by parties other than the BJP. The Central government, given its commitment to the NPS, and State governments ruled by the BJP and its allies are not in favour of such a shift, especially since the new scheme was introduced by the Atal Bihari Vajpayee government. Rather, they have joined the criticism by mainstream economists that such a shift was bound to precipitate a fiscal crisis in States opting for the reversion, and attribute the move to a cynical effort to garner some voter support at the expense of fiscal prudence.

Under the OPS, those who were members of the scheme, which consisted mainly of regular employees of the Central and State governments, made no contribution while they were in service and were eligible for a pension on retirement equal to half of the last drawn pay (the "defined benefit"). In addition, as was the case with their salaries prior to retirement, they were eligible for a dearness allowance linked to inflation, which was a proportion of their basic pension.

The design of this scheme meant that the pension bill of institutions offering its benefits was funded out of their current revenues. The understanding was that such payments ensuring the security of employees after their retirement were a necessary commitment to employees in the civil services. Finding the resources needed to fund the scheme was also, therefore, the responsibility of the state. This is by no means an Indian innovation. Similar schemes have been in operation in a number of countries.

Outside of the civil services, a mandatory retirement savings scheme applies to institutions that employ 20 workers or more. In such institutions, the employee is required to contribute around 10 per cent of his/her salary to the scheme, which is matched by a contribution from the employer, and the sum thus accumulated is managed by the Employees' Provident Fund Organisation. On retirement, the employee is eligible for a lump sum payment, a part or all of which has to be invested in schemes that offer a regular annuity payment, which serves as the pension.

In a country where most workers are either employed in small informal sector units or are “self-employed”, most citizens were left out of this scheme as well. To provide for those who could not earn enough to save for when they can no longer work, official social protection schemes included one offering a non-contributory pension for those below some officially defined poverty line, though the sum paid to the pensioner in these schemes is paltry.

In sum, the current controversy about a return to the OPS is of relevance largely to schemes operated by the Central and State governments. The decision to scrap the OPS and replace it with the NPS was justified on the grounds that the OPS was not fiscally sustainable. The increased life expectancy of government employees, resulting from improved access to health services, and the increases in per person pensions resulting from increases in the dearness allowance warranted by inflation resulted in an increase in the pension bill of the Centre and the States.

On the other hand, revenues were not rising fast enough. This meant that other expenditures, including social sector spending, had to be curtailed, if the fiscal deficit and the level of borrowing relative to GDP was not to rise.

This argument gives rise to two obvious questions. First, why were revenues not keeping pace with increases in the pension bill? Second, what determines the level of the deficit and borrowing that are considered as the binding limits beyond which they cannot be raised? The answers to these questions differ for the Centre and the State governments.

In the case of the Centre, revenue growth has been tardy because of the fiscal fallout of the embrace of neoliberalism, which involved adopting a lenient tax regime to incentivise the private sector, which was expected to lead development now. In 2019-20, for example, the effective tax rate on profit-making companies surveyed by the tax authorities was just 22.5 per cent, whereas the required statutory rate (without exemptions and concessions) was 34 per cent for companies with an income above just Rs.10 crore.

Neoliberalism also meant that the fiscal deficit must be capped, because of the need to appease finance capital, which considers deficit financed spending as reflective of a profligate state and as inimical to its interests. So that sets a limit on aggregate spending growth. If that limit falls below the rate at which the pension bill rises, then either tax revenues will have to be raised or other expenditures will have to be curtailed.

Given the neoliberal commitment to incentivise private profit-making, the potential for increases in tax revenues was ignored. So, expenditure had to be curtailed to ensure adjustment. But, given inherited expenditure commitments, a fiscal crunch was the likely outcome. Just as the Centre voluntarily offered tax concessions to the corporate sector and chose to rein in its fiscal deficit, it chose to voluntarily withdraw the OPS in 2004.

Weakening fiscal federalism

In the case of the States, the issue is more complex. State revenues have been squeezed by the Centre that has addressed its own fiscal problems by whittling down revenues from taxes that have to be shared with the States and relying on cesses and surcharges that are not part of the divisible pool.

As had been pointed out by the Finance Minister of Tamil Nadu to the Union Finance Minister, the share of cesses and surcharges in the Centre’s revenue has risen from 10.4 per cent of gross tax revenue in 2011-12 to 26.7 per cent in 2021-22. Secondly, State revenues have been battered by the implementation of the GST regime, and the Centre has inadequately compensated them for the shortfall and has brought to an end the compensation regime as of July 2022.

In addition, forced to enact Fiscal Responsibility and Budget Management Acts of their own, there are stringent limits set on deficit spending by the States, which do not have the flexibility, unlike the Centre, to unilaterally raise the fiscal deficit even in the midst of a crisis. This pushed them into following the Centre and replacing the OPS with the NPS.

To divert attention from the fact that neoliberalism and the weakening of fiscal federalism were responsible for the crisis in response to which the OPS was being abandoned, the Central government and the advocates of neoliberalism defended the NPS as being a win-win solution.

Under the NPS, public employees hired after 2004 have to contribute 10 per cent of their pay (the "defined contribution") to a fund, with the employer providing a counterpart contribution of up to 14 per cent of the salary. The accumulating sums are invested in funds managed by designated "independent" pension fund managers paid for their services. When employees retire, they have the choice of taking out sums amounting to a maximum of 60 per cent of the corpus and investing the rest in an annuity scheme, returns from which constitute the pension. This scheme is mandatory for government employees, but private sector employers and their employees are also eligible to join versions of the scheme.

The argument was that while the employee contributes to the creation of the corpus that finally delivers the pension, the government still contributes a share and the management of those funds by professional fund managers will raise the sums received by the employee at and after retirement. But the pension received is not defined and would depend on how well the corpus is managed by the fund manager.

There are many market risks that the employee is subject to here. The market may not deliver expected returns or may even wipe out a large part of the savings in the event of a crash, as happened with American pensioners during the 2008 financial crisis. Moreover, the professional fund manager, who receives a fee whatever the outcome, may not be as smart or savvy as is presumed. There are enough instances to suggest that this is highly probable. Since there is no guaranteed benefit but only a defined contribution, these risks are significant.

In practice, the Indian experience thus far has not been too comforting, as a federation of Central government employees' unions underlined in a letter to the Cabinet Secretary. It quoted many examples where the NPS fell way short of the OPS.

The NPS falls short

A defence establishment official who retired after more than 13 years of service received only 15 per cent of what he was eligible for under the OPS. Another with a basic pay of Rs.34,300 received Rs.2,506 as monthly pension after more than 15 years of service, whereas under the OPS, he would have been entitled to Rs.17,150 as pension. There is no shortage of such case histories.

As noted, the government, too, still carries a burden. It contributes to the pension fund, so it records an outgo in its budget, even if not of the same magnitude as earlier. The real beneficiaries of the shift are the fund managers earning fees and commissions for managing other people's money with no commitment to ensure a guaranteed return.

Moreover, if they are pressured to deliver larger returns, the push to allocate more of the corpus to instruments that promise higher returns intensifies. But that increases the risk of loss that can worsen the already poor returns accruing to pensioners.

Given actual experience, the argument that the NPS offers more than the OPS has been dropped. The emphasis now is on the argument that returning to the OPS would only deliver a fiscal crisis and that opposition State governments are reverting to it only to woo voters. It is also held there is no reason why a small section of civil servants should enjoy this benefit, making them a protected elite.

This is a peculiar argument. None would argue that because a multinational executive earns many multiples of what a senior civil servant is paid, the former should be deprived of his negotiated salary. There are two issues here. Civil servants are paid to serve the interests of the state and, through it, society, and pensions are part of the rewards that are provided for that service. It is not a special benefit that accrues because of special state largesse.

And second, what is important is to expand the net of those eligible for defined benefit pensions to secure their retirement future, and not to deprive even the few who have it of the benefits of the scheme.

The Centre, however, is working hard to push the opposition-led State governments into abandoning the return to the OPS. It has launched a propaganda war to discredit their decision. The Pension Fund Regulatory Development Authority is also refusing to return the corpus accumulated by these States and their employees under the NPS, even though they would now not be availing of pensions under that scheme.

The fear is that if employees in some States are able to regain the benefit of the OPS, the demand for a similar shift from employees of the Central government will only intensify. Acceding to that demand would be to accept that the shift to the NPS was wrong. But as the experience with demonetisation has shown, the government at the Centre is unlikely to admit that it made a mistake.

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The Crux

-The governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh have announced their decision to restore the old pension scheme (OPS) for government employees.

-The Central government is not in favour of such a shift, especially since the new pension scheme (NPS) was introduced by the Atal Bihari Vajpayee government. It claims that restoring the OPS is vote bank politics, and will precipitate a fiscal crisis.

-Under the OPS, members were eligible for a pension on retirement equal to half of the last drawn pay (the "defined benefit") along with a dearness allowance linked to inflation.

-The Centre chose to withdraw the OPS in 2004. To divert attention from the fact that neoliberalism and the weakening of fiscal federalism were responsible for the crisis that led to this withdrawal, it defended the NPS as being a win-win solution.

-Under the NPS, employees have to contribute 10 per cent of their pay (the "defined contribution") to a fund, with the employer matching the contribution of up to 14 per cent of the salary. The accumulating sums are invested in funds managed by designated "independent" pension fund managers paid for their services.

-There are many market risks involved. The pension received is not defined and will depend on how well the corpus is managed by the fund manager.

Given actual experience, the argument that the NPS offers more than the OPS has been dropped and the Centre has launched a propaganda war to discredit their decision. https://frontline.thehindu.com/columns/economic-perspectives-debate-over-old-pension-scheme-divides-state-governments-and-centre/article66292056.ece

17. Banks' NPA management needs to be more holistic *(thehindubusinessline.com)* December 28, 2022

Recently, Finance Minister Nirmala Sitharaman told Parliament that Indian banks have managed to recover 13 per cent or ₹1.32 lakh crore, out of the whopping ₹10.09 lakh crore in non-performing loans written off in the five years from FY18 to FY22. This includes recoveries from all available mechanisms including debt recovery tribunals, cases resolved under the Insolvency and Bankruptcy Code (IBC), action taken under the SARFAESI Act, sale of non-performing loans to asset reconstruction companies and so on.

Typically, banks take four-five years to completely write off loans after initially classifying them as non-performing assets (NPAs). The recoveries ratio may not seem so bad when benchmarked against global numbers where the average recovery from bad loans is estimated at 7 to 12 per cent. Recoveries against written off loans in India also seem to have improved from 7 per cent levels they were stuck at for many years. But the figure is modest when seen in the context of the expanding armoury of weapons handed out to Indian banks in recent years to bring defaulters to book. From amendments to IBC that enable lenders to unseat promoters of defaulting enterprises and invoke personal guarantees, to the Fugitive Economic Offenders Act which empowers banks to summarily seize assets, India has made significant strides in tightening the ecosystem for bad loan recoveries. If not impossible, it is certainly difficult for loan defaulters in today's context to flee the country as a Vijay Mallya or a Nirav Modi did.

If non-performing assets are expected to fall to a multi-decade low of 4 per cent in FY24 (as per CRISIL), it is mainly due to the slump in private capex, banks holding back on project lending and deleveraging by India Inc. Lending and underwriting practices still have substantial room for improvement. For instance, some banks have been increasing their exposure to holding companies based on 'operating comfort' provided by their subsidiaries which are already leveraged to the hilt. This practice was one of the key reasons why group-level loan exposures turned bad in the previous cycle. Cash flow-based financing, a model where it is difficult to time risk, is gaining momentum. Such practices are prevalent to a lower extent today compared to the infra-boom days. But as they embark on bankrolling the next capex cycle, the best way for banks to reduce the need for write-offs is to nip NPA accretion in the bud. This may require more pre-emptive action when loans slip into SMA (special mention account) status, rather than waiting for them to turn NPA.

RBI on its part must nudge banks to provide more granular disclosures on their loan write-offs and recoveries, on a systematic basis. The current data is sketchy at best. A sharper time-wise break-down of NPAs, write-offs and recoveries is essential to understand what proportion of bad loans are resulting from wilful defaults and promoters siphoning off funds, as opposed to economic cycles or business exigencies. Where there's clear evidence of wilful default, a name-and-shame regime can act as a deterrent to wrong-doers, and also alert stakeholders. https://www.thehindubusinessline.com/opinion/editorial/banks-npa-management-needs-to-be-more-holistic/article66310784.ece

18. Bringing an end to stubble burning *(thehindubusinessline.com)* December 28, 2022

Stubble burning is a practice of removing agricultural waste from the field by setting on fire the straw stubble (parali) that is left on the land after harvesting of grains like paddy, wheat etc in order to prepare it for the next round of seeding.

Every year, stubble burning peaks during the onset of winter around October- November as this is the harvesting period of paddy crops and the residue left behind needs to be cleared to sow wheat. Stubble burning across Delhi, NCR particularly by farmers in north India is seen as a major cause of air pollution in Delhi. Each year, air pollution levels rise and air quality index reaches a 'severe' and 'hazarduous' level.

Crops such as rice and wheat account for large volumes of crop residues in India. Apart from wheat and paddy, sugarcane leaves are mostly burnt on fields. Due to shortage of labour and time, when paddy is harvested by a combined harvester and thresher particularly by large farmers in Punjab, the machine leaves behind a significant length of straw and stubble on the field. This prevents other machines from sowing wheat seeds and thus farmers often burn the stubble to quickly eliminate the paddy stubble.

One of the major problems of burning of crop residues are pollution and greenhouse gas emissions that leads to global warming: These directly contribute to environmental pollution and are also responsible for the haze in Delhi and melting of Himalayan glaciers. Soil degradation is another problem due to burning of crop residues. Burning paddy straw radiates heat that kills fungus and bacteria that is essential for soil fertility. The pollutants dispersed due to stubble burning in the atmosphere eventually affect air quality and people's health by forming a thick blanket of smog. The smoke apart from causing irritation to eyes, also lead to breathing difficulties and lung diseases.

The way forward

The solution to the problem of stubble burning lies in exploring sustainable farm practices with an active role of the government in regulation and framing policies. In recent years, the government has developed a framework and action plan for effective prevention and control of stubble burning. But a major challenge that lies with these schemes is their successful implementation and enforcement.

Apart from this, here are some other measures to curb stubble burning:

(i) Innovative farm technologies: If farmers wish to remove stubble manually, they will need to spend at least ₹6,000-7,000 per acre. To reduce these costs, as well as save labour and time, new innovative farm technologies have been introduced by the government. One of the recent innovations that could help farmers to manage crop residues effectively is by employing agricultural machines like Happy seeder, Rotavator, Baler, Paddy straw chopper etc. But these machines are too costly. Therefore, government could provide adequate subsidies to make this machinery affordable for farmers.

(ii) New and Improved seed varieties: Recent literature has pointed out that the use of new and improved varieties of rice and wheat crop particularly short duration crop varieties like Pusa Basmati-1509 and PR-126, could be seen as a measure to overcome the problem of stubble burning as they mature quickly and also improve the quality of the soil.

(iii) Another possible solution is to use Pusa-bio-decomposer, developed by the scientists at the Indian Agricultural Research Institute, which turns crop residue to manure in 15-20 days by accelerating the decomposition process.

(iv) Biogas plants can curb crop burning and prevent pollution. These plants are installed by the government under the 'waste to energy mission' and they generate bio-gas by utilising crop waste such as rice straw through bio-methanation technology.

(v) Sustainable farm management practices: Other measures suggested by agriculturists and scientists include composting, production of biochar, in-situ management with mechanical intensification. These measures could not only manage the crop residues but could also help in controlling GHG emissions.

(vi) Educating and empowering the stakeholders: Educating and empowering the farming community could be an important step to make a significant impact. Farmers feel that they are responsible only for growing foodgrains and the crop residue is not their responsibility. This thinking should be changed and farmers should feel responsible for crop residues and this is should be brought through awareness campaigns.

The government should act as an enabler by spreading awareness about the pros and cons of each option, so as to eliminate confusion and ease the adoption of new technologies by removing socio-economic barriers so that these new and innovative technologies can be accessed by small and marginal farmers.

All these efforts could help in providing support to the farmer and could be effective in controlling stubble burning along with environmental pollution in the country. https://www.thehindubusinessline.com/opinion/bringing-an-end-to-stubble-burning/article66314087.ece

19. Net zero isn't possible without nuclear *(moneycontrol.com)* DECEMBER 29, 2022

Unfortunately, outdated regulations are impeding much-needed innovation to fight climate change. Time is running short

Rather quietly, a new age of atomic energy may be approaching. Splitting atoms may not be as exciting as fusing them, or as modish as wind and solar projects. Yet old-fashioned fission is poised to make a comeback thanks to innovative new reactor designs. The world will be better for this revolution — if policymakers allow it.

As the fight against climate change gears up, new-energy progress is everywhere apparent. Variable renewables — wind and solar — are becoming more abundant as technology improves and funding flows. They're also getting cheaper: From 2009 to 2021, the unsubsidised cost of wind declined by 72 percent and that of utility-scale solar fell by 90 percent. Energy storage is likewise getting more affordable.

Yet on current trends, none of this is enough. Sometimes the sun doesn't shine and the wind doesn't blow. Such intermittency requires either implausibly large storage capacities or more reliable sources of power to fill the gaps. At the moment, that's mostly coal and natural gas — which is why fossil fuels still make up about 80 percent of the world's primary energy supply.

Nuclear is the obvious alternative. A fission reactor produces clean, reliable, efficient and abundant energy, 24 hours a day, rain or shine. Despite the alarm raised by rare accidents, such as those at Chernobyl and Fukushima, the risks of nuclear power are exceedingly low per unit of energy produced, and the newest reactor designs are safer still. Similarly, the dangers posed by radioactive waste are quickly receding, thanks to better tools and processes.

To bring global emissions goals within reach, nuclear output will need to roughly double by 2050, according to the International Energy Agency. Unfortunately, the world is moving backward in key respects. Nuclear's share of global energy production declined to 10.1 percent in 2020, from 17.5 percent in 1996. In the US, about a dozen reactors have shut since 2013 and more are on the chopping block. According to the Energy Information Administration, nuclear's share of US generation will fall from about 19 percent today to 11 percent by 2050, even as electricity demand rises. Although renewables will pick up some of the slack, fossil fuels are expected to predominate for decades.

Given the looming risks of climate change — an "existential threat" as President Joe Biden says — these trends are cause for alarm. Worldwide, governments need to extend the lifetimes of existing nuclear plants, work with industry to finance new ones, and redouble efforts to improve waste disposal and otherwise ease the public's mind about potential risks.
More importantly, they need to promote nuclear innovation. In recent years, small modular reactors (known as SMRs) have been inching toward commercial reality. Companies are testing dozens of competing designs. These reactors promise a much safer, cheaper and more flexible energy supply to supplement wind and solar. They could leverage economies of scale through standardised manufacturing, while potentially powering everything from homes to factories to transportation.

Yet red tape is standing in the way. In particular, the US Nuclear Regulatory Commission has been obstructing new reactors for decades, thanks largely to outdated safety standards. In 2019, Congress directed the commission to create a new licensing regime for SMRs, in the hopes of speeding their development and commercialization. Instead, the NRC has been busily bloating its own rulebook. Going forward, any increases to the commission's budget should be conditioned on boosting US nuclear production; if the NRC can't adapt to this challenge, Congress should push it aside and authorise a new overseer for advanced reactors.

More generally, lawmakers need to revisit their entire approach to nuclear regulation — devised in a different era, with different needs — and return to first principles. Their overriding

goals should shift from total risk avoidance to maximising nuclear power, accelerating innovation, and reducing carbon emissions with technologies old and new.
Confronting climate change means acknowledging hard realities. The world can't decarbonise without nuclear power — and it can't expand its nuclear output without rethinking the rules. Time is running short. https://www.moneycontrol.com/news/opinion/net-zero-isnt-possible-without-nuclear-9779771.html

20. The Public Distribution System is more than free grains *(moneycontrol.com)* DECEMBER 29, 2022

The distribution of free grains through the Public Distribution System (PDS) under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) has been one of the main relief measures undertaken by the Indian government in response to the economic distress brought about by the Covid pandemic. From April 2020 until the end of 2022, all beneficiaries under the National Food Security Act (NFSA) were given five kilograms of free foodgrains per person per month (with a break between November 2020 to May 2021). With the pandemic almost coming to an end and the stocks of foodgrains under the Food Corporation of India (FCI) depleting to the lowest levels in the last four years, many anticipated that the PMGKAY would not be continued further. There were also reports of the finance ministry being unhappy about the last extension due to the additional subsidy burden.

In this context, the central government based on a cabinet decision came up with an unexpected announcement on December 23. While the PMGKAY has indeed not been extended to 2023, the foodgrains being distributed under the NFSA at Rs 3 per kg for rice and Rs 2 per kg for wheat will now be given for free for a year (up to December 2023). This move will result in an additional burden of about Rs 18,000 crore per year for the government, while it would be saving around Rs 1.8 lakh crore that it would have to spend had it continued with the PMGKAY.

From the point of view of the beneficiaries, this would mean a saving of Rs 10-15 per month per person on the 5 kg of foodgrain that they receive under NFSA. But, on the other hand, they would have to spend almost Rs 150 per month to buy the additional 5 kg from the market to compensate for the grain that they have been getting under PMGKAY. Therefore, while this move towards giving NFSA grains for free is welcome, the net effect on the ration cardholder is one of them having to bear additional costs on foodgrains at a time when food prices are rising and the economic slowdown continues to have a negative bearing on the poor and their livelihoods.

Addressing Distress

A number of field studies have shown that the PMGKAY has been one of the most effective measures taken up by the government during the pandemic. While there were some reports of irregular distribution or leakages of various kinds, most people across surveys reported receiving the free grains along with their usual quota. People have been reporting high levels of food insecurity, despite getting free grains under PMGKAY – which is probably an indication of how much worse things could be in its absence. The free and subsidised grains are an implicit income transfer to people and ensure basic protection from starvation.

The fact that the union government has repeatedly extended the period of the PMGKAY, with the last phase ending in December 2022, was also seen as an acknowledgement of the continuing distress that people were facing and the effectiveness of the PDS towards mitigating this to some extent. It is also understood that because the NFSA was already in place, the implementation of the PMGKAY became possible. There were already such a large number of people with ration cards because of the expansion that took place following the NFSA which mandates coverage of 75 percent of the rural population and 50 percent of the urban population.

The last two years showed that the PDS plays a critical role in the economy and needs to be strengthened rather than being dealt with in an ad-hoc manner. The government has been giving out confusing signals by repeatedly arguing in reports such as the Economic Survey, that the PDS coverage needs to be reduced and issue prices increased and on the other making short-term announcements every three to six months on the extension of the PMGKAY and now making foodgrains free.

The PDS could be even more effective if the government had a more coherent and longer-term policy. First, the coverage is currently determined by 2011 Census population figures and this needs to be updated. Further, from a nutrition point of view, pulses and edible oils need to be added to the PDS basket and giving millets as part of the cereal basket needs to be expanded and encouraged. For this, the agriculture policy also needs to encourage these crops and their procurement must be strengthened. A more decentralised procurement and distribution system need to be envisaged. These steps could also contribute to other related goals of crop diversification, income security for small and marginal farmers and guiding Indians towards more healthy diets.

If the PDS is seen from this larger perspective, then it cannot be reduced to a scheme with a high subsidy burden that needs curtailing. It then becomes not a 'revdi' but a policy that can give high returns in the form of food security for all along with contributing to a more nutrition and climate-sensitive agriculture. https://www.moneycontrol.com/news/opinion/the-public-distribution-system-is-more-than-free-grains-9779271.html

21. Irregularities in Narmada-Mahi Lift Irrigation project: Former MP demands high-level inquiry from Governor in Sardarpur *(freepressjournal.in)* December 28, 2022

The ongoing Rs 1,683 cr Narmada - Mahi Lift Irrigation project, which is going to be the lifeline of the farmers of 66 villages of Sardarpur tehsil in Dhar district, has come under scanner over alleged poor quality construction. On Wednesday, a former Member of Parliament Gajendra Singh Rajukhedi himself visited the spot and investigated the irregularities going on there.

He assured full cooperation to the farmers and on demand of farmers, Rajukhedi sent a letter to the Governor and the Chief Minister and demanded a high-level inquiry into the matter.

Notably, under the Narmada- Mahi Lift Irrigation Project, a 69-kilometre line passes through Minda, Baledi and Khakrod villages of Sardarpur tehsil. The project will benefit 25,422 hectares of land in 66 villages of Sardarpur tehsil of Dhar district. The work of laying the pipeline is being done under Mahi Link Irrigation Project. About six months back, 12 metre-long and 18 mm wide pipes were laid underground.

However, within a few months, the pipes started surfacing on the ground and even their joints were also found open.

Farmers claimed that before laying the pipeline, proper ground levelling needs to be done to ensure that the level is not different from the area around but the contractor ignored it and as a result of which, the underground laid pipes are now seen on the surface.

On Wednesday former MP Rajukhedi has written a letter to the Governor and the Chief Minister, demanding that an inquiry committee be constituted regarding the irregularities in the project in the interest of the farmers so that they do not face any loss in future from this project.

Justice should be done to the farmers by including the regional public representatives of Sardarpur tehsil, Rajukhedi said.

Notably, Free Press raised the issue of irregularities in the work on December 12. Talking to Free Press, Rajukhedi said that the Narmada Lift Irrigation Project is the lifeline for lakhs of farmers here.

Irregularities have taken place in its construction work along with negligence. After observing this project with the farmers himself, he found that everything is not good and its high-level investigation has been done and demanded to improve its quality before any danger in the future. https://www.freepressjournal.in/indore/irregularities-in-narmada-mahi-lift-irrigation-project-former-mp-demands-high-level-inquiry-from-governor-in-sardarpur