

## **NEWS ITEMS ON CAG/ AUDIT REPORTS (30.12.2022)**

### **1. How DRDO projects overshoot budgets by up to 426% — CAG flags ‘serious flaws’ in cost estimation ([theprint.in](https://theprint.in)) 30 December, 2022**

Pointing out “serious flaw” in the project planning and cost estimation process by the Defence Research and Development Organisation (DRDO), the Comptroller and Auditor General (CAG) has found a significant cost increase of up to 426 per cent in certain projects to the tune of Rs 1,059 crore.

Even while acknowledging that the cost estimation exercise cannot be exact, the national auditor, in its report on ‘Management and Outcome of Mission Mode Projects in DRDO’, has said that “wide variation in cost estimation reflects a serious flaw in the estimation process”.

As per the laid out guidelines, all DRDO projects costing above Rs 2 crore have to be peer reviewed by an expert committee for their viability. This committee, which has representatives of Integrated Finance, examines the cost estimates prepared for sanction of the project, and also reviews if the project cost estimates are commensurate with the requirements.

“Audit noted that there was a significant increase in the cost of 24 projects to the tune of Rs 1,059.56 crore, which was 21 per cent to 426 per cent more than the original sanctioned cost of project,” read the CAG report, tabled in Parliament last week.

It added that in five projects, the actual expenditure incurred as against the sanctioned cost of the project was less than 50 per cent of the sanctioned cost.

#### **Design, user requirement changes among problems**

The main reasons for cost overrun included changes in design specifications, changes in user requirement, incorrect cost estimation of equipment, increase in foreign exchange variation and procurement of additional spares. “The increase in foreign exchange variation and procurement of additional spares were due to delay in completion of the project,” read the report.

Some of the cases where cost overrun is more than 100 per cent include product support/product improvement and induction of ‘NAG’ Weapon System where final approved project cost rose 425.54 per cent to Rs 148.99 crore, advanced Torpedo Detection System (MAAREECH) where final approved project cost rose 347.83 per cent to Rs 58.89 crore, low-frequency dunking sonar (210.59 per cent increase in cost to Rs 36.37 crore), and marinised engineered AIP Energy Module (MAREEM) (142 per cent increase in cost to Rs 179.15 crore).

“Such huge variation in the cost estimates depicts incorrect assessment, non-factoring of increase in cost due to foreign exchange variation and fluctuation in the market rates. Audit noted that the cost estimations were based on the last purchase prices which were very old, and generally the products were not available. The cost estimates were at variance with the market prices, as a result of which the actual requirements resulted in increase in foreign exchange component of the product,” it said.

The CAG report added that the necessity of requirement of additional equipment and underestimation of the costing of the equipment indicates incorrect cost estimation and project planning at the initial stages of project formulation.

The audit watchdog has recommended that the DRDO should ensure more realistic cost estimation and provide suitable tolerance to cater to the risks arising from technical complexities. “The DRDO may ensure that all expenses related to a project are booked under that project only to ensure transparency and full disclosure,” it suggested. <https://theprint.in/india/how-drdo-projects-overshot-budgets-by-up-to-426-cag-flags-serious-flaws-in-cost-estimation/1288206/>

**2. 82% listed CPSEs don't have mandated independent directors: CAG report** ([business-standard.com](https://www.business-standard.com)) December 29, 2022

The Comptroller and Auditor General of India (CAG) has raised concern over the high number of vacancies for the post of independent directors in 59 of the 72 (82 per cent) listed central public sector enterprises (CPSEs).

While no Maharatna company has the mandated number of independent directors on its board, CPSEs such as Coal India Ltd (CIL), NHPC, Mahanagar Telephone Nigam Ltd (MTNL), and REC have not appointed an independent director.

The Companies Act, as well as the guidelines issued by the Department of Public Enterprises, mandates that in case the chairman of the board is an executive director, at least half the board should have independent directors.

The CAG recommended the boards of directors of the listed CPSEs ensure compliance with these guidelines and regulations to bring in better transparency and accountability in their functioning.

“The Administrative Ministries/Departments may ensure submission of quarterly compliance reports by listed CPSEs as prescribed in DPE/SEBI guidelines/regulations,” the CAG said in a compliance audit report tabled in Parliament for the year ended March 31, 2021.

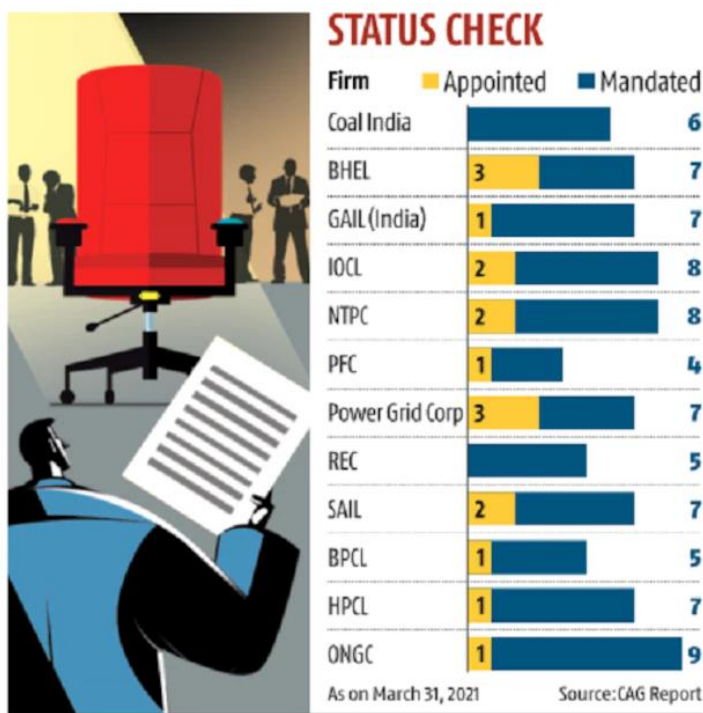


ILLUSTRATION: AJAY MOHANTY

Independent directors are required to report concern about unethical behaviour, suspected fraud, or violations of the company's code of conduct or ethics policy. They ensure integrity of financial information, safeguard the interests of all stakeholders, and balance conflicting interests of shareholders.

“The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management is widely considered as a means of protecting the interests of shareholders and other stakeholders,” the report noted.

Recently, in PTC India, a state-run power trading company, independent directors resigned, mentioning lapses in governance and compliance.

The boards of 37 of the 72 (51 per cent) listed CPSEs did not have a woman director. This includes top CPSEs in terms of market capitalisation such as Bharat Petroleum Corporation, CIL, and NTPC. The Companies Act, 2013, provides the board of directors of a company must have at least one woman director.

In 32 (44 per cent of the total) listed CPSEs, including National Aluminium Company, Steel Authority of India, GAIL (India), Oil and Natural Gas Corporation (ONGC), NTPC, and Indian Oil, the required number of non-executive directors was not on their boards.

The CAG highlighted the numerical deficiency of independent directors on the audit committees of 31 of the 72 listed CPSEs. This violates the Companies Act, 2013, provision stipulating that there shall be an audit committee with a minimum of three directors as members, of which two shall be independent directors.

Maharatna companies such as Hindustan Petroleum Corporation, ONGC, Power Finance Corporation, GAIL, REC, and CIL fall in this category.

In eight (11 per cent of the whole) listed CPSEs such as Container Corporation of India, Indian Railway Catering and Tourism Corporation, and Rail Vikas Nigam, the audit committee did not review the audit observations of the CAG despite the guidelines of the Department of Public Enterprises (DPE) providing that the committee shall review them.

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulate that the board of a company shall have an optimum combination of executive and non-executive directors with not less than 50 per cent of the board comprising non-executive directors.

The DPE has incorporated “corporate governance” as a performance parameter in the memorandum of understanding of all CPSEs. [https://www.business-standard.com/article/companies/82-listed-cpses-don-t-have-mandated-independent-directors-cag-report-122122901102\\_1.html](https://www.business-standard.com/article/companies/82-listed-cpses-don-t-have-mandated-independent-directors-cag-report-122122901102_1.html)

## **STATES NEWS ITEMS**

### **3. Maharashtra: CAG spots lapses in implementation of six surface irrigation projects ([freepressjournal.in](http://freepressjournal.in)) 30 December, 2022**

The Comptroller and Auditor General of India (CAG) in its report on outcomes in surface irrigation for the year 2022 has identified major lapses in the implementation and completion of Andhali, Pimpalgaon (Dhale), Purna, Haranghat, Sondyatola and Wagholibuti irrigation projects in Maharashtra.

#### **None of the projects were completed in time and multiple revisions in approvals kept projects in construction phase for long time**

CAG has observed that in one of these six projects, clearance required from the Central Water Commission regarding water availability and interstate aspects were obtained by the Water Resources Department. None of the projects were completed in time and multiple revisions in administrative approvals kept the projects in construction phase for a long time. There was a significant increase in the cost of all the projects due to change in schedule of rates, increase in cost of land, change in design and scope of the works.

#### **Target of creation of irrigation potential (IP) could not be achieved in any of the six projects, said CAG**

CAG in its report, which was tabled by the Deputy Chief Minister Mr Devendra Fadnavis in the state assembly, said that the target of creation of the irrigation potential (IP) could not be achieved in any of the six projects and gap between the projected creation and actual creation of the IP ranged from 3.20% to 43.56%. Further, the utilisation of the IP actually created was also inadequate ranging from zero per cent to 85.94% during the period 2014-15 to 2020-21. In all the six projects, there was considerable shortfall in irrigation of the targeted area of land in all the three seasons. "Cultivation in the command area of these projects was not up to its full potential during all the seasons as provided in their respective Detailed Project Reports (DPR)," it added.

According to CAG, there were gaps in the value of agriculture produce as estimated and actually realised. Crop production could not be increased for want of irrigation as planned in the DPRs. No water was provided through the canal system during the period to all surveyed 66 farmers of 12 villages of Andhali, Pimpalgaon (Dhale) and Wagholibuti project. In respect of the Haranghat and Sondyattola project, water through the canal was provided during Kharif season only to the 53 farmers of 16 villages surveyed. In addition, non formation/non functioning of Water Users' Associations defeated the objective of participatory irrigation management by the farmers.

#### **Multiple revisions in approvals caused price rise and delay**

'Multiple revisions in administrative approvals prolonged the construction phase and there was significant increase in the cost of the projects. All these factors had a cascading effect on timely completion of the projects,' said CAG.

CAG has asked the government to ensure prior clearance of the projects from the Central Water Commission. The government may improve project management to avoid deprivation of water in drought-prone areas of the state, regulate the lift irrigation and ensure optimal distribution of water.

### **CAG recommended that projects to be completed in time**

CAG has recommended that the projects may be planned and executed in such a manner that they are completed in time and within the estimated cost and projects delayed with cost overruns should be completed at the earliest. IP estimates should be achieved by prioritising maintenance of canal system/preventive works.

Further, the government may ensure coordination between the Water Resources department and Agriculture department in planning and execution of changes required in the cropping pattern as envisaged in the irrigation projects. "The Government may ensure that proper surveys are conducted before approving the projects so that the benefits accrue to the intended beneficiaries in a time bound and cost effective manner," said CAG.

CAG has suggested that the collection of water cess from the beneficiaries of the projects needs to be streamlined and it may be utilised towards maintenance. <https://www.freepressjournal.in/mumbai/maharashtra-cag-spots-lapses-in-implementation-of-six-surface-irrigation-projects>

#### **4. Rs 700-crore canal water charges yet to be recovered from users ([tribuneindia.com](http://tribuneindia.com)) 30 December, 2022**

Punjab: The irrigation branch of the Public Works Department (PWD) has failed to recover over Rs 700 crore as canal water user charges from farmers and others for using canal water. Not only farmers, the water user charges have also not been recovered from private firms, and companies using the canal water.

An annual review of the Water Resources (Irrigation) wing of the PWD by the Comptroller and Auditor General (CAG) of India has revealed that while Rs 675.37 crore was recoverable from farmers, another Rs 40.48 crore was recoverable from private firms and companies.

In 2014, the state government had approved water cess at a rate of Rs 50 per acre per crop, instead of 'abiana' (charges) from farmers at a rate of Rs 150 per acre per crop by amending the Indian Canal & Drainage Act, 1873. Earlier, the farmers were paying Rs 75 for each crop and Rs 150 for two crop seasons in a year for using water for irrigation.

The decision was taken for maintenance and cleaning of minors and distributaries which will ensure that proper flow of water reaches farming fields. It is expected to mobilise a sum of Rs 200 crore per annum for this purpose. Punjab's huge canal network is regularly in need of repairs.

The Revenue Department had been engaged in collecting the 'abiana' for decades, before it was abolished in 2014.

It was also decided to set up water users committees at the XEN-level. This committee under the respective XEN is meant to collect and deposit the funds in account of societies. The funds are to be used for cleaning minors and distributaries in the jurisdiction of respective committees.

#### **Rs 44 cr pending in bathinda division**

The CAG has conducted audit of 27 PWD irrigation units. Canal division, Bathinda, has the highest recoverable amount of Rs 44 crore, followed by Abohar Canal division with amount of

Rs 43 crore. <https://www.tribuneindia.com/news/punjab/700-crore-canal-water-charges-yet-to-be-recovered-from-users-465670>

**5. ‘Flawed’ EIA stalls Rs 3,500-cr Gujarat chemical plant project that sparked pollution fears ([theprint.in](https://theprint.in)) 30 December, 2022**

A soda ash manufacturing project likely to lead to higher pollution levels and endanger the local ecosystem in Gujarat has been put on hold because of inadequacies in its Environmental Impact Assessment (EIA), as highlighted by documents available on the website of the ministry of environment, forest and climate change of India (MoEF&CC).

Proposed by the Gujarat Heavy Chemicals Limited (GHCL) — an arm of the Dalmia Group — the project plans to set up a large soda ash manufacturing unit in Mandvi taluk’s village of Bada, off the coast of Kachchh. Soda ash is popularly used in making detergents, glass, and ceramics.

The project, estimated to cost Rs 3,500 crore, is likely to cause higher levels of air pollution and release treated effluents into the Arabian Sea, according to company plans.

As part of the environmental clearance process, GHCL submitted its EIA report along with public comments to the central government on 24 November.

However, on 7 December, M. Ramesh, member secretary of the Expert Appraisal Committee (EAC), returned the proposal and asked the company for more details before allowing the project to proceed.

The EAC is an autonomous body under the Union environment ministry and is in-charge of vetting projects before recommending them for environmental clearance.

“The EAC has not discussed the proposal yet, since they have been asked to submit further details. What has been asked for follows what is laid down in the EIA Notification, and they must reply with the requisite documents,” a member of the EAC who wished to not be named told ThePrint. “Once the correct documents are received, it can go to the EAC for further discussion. If they fail to produce the appropriate documents, the project could be delisted,” he added.

Residents and environmental activists have opposed the project for months, citing the pollution it will likely bring to the area as well as alleged flaws in the way the EIA was carried out. They also claim that the agencies that carried out the EIA — National Environmental Engineering Research Institute (NEERI) and the National Institute of Oceanography (NIO) — were not appropriately accredited.

The panel has asked GHCL for the accreditation certificates of the two agencies.

According to information available on the National Accreditation Board website, neither NEERI nor NIO is authorised to conduct EIA studies for the soda ash industry.

ThePrint tried reaching N.N. Radia, the chief operating officer of the GHCL, via calls and messages and also sent emails to their public relations representative and media in-charge. The story will be updated when a response is received.



But in a statement to The Probe, GHCL said it was committed to “maximising value for all our stakeholders, which includes society, vendors, customers, employees, and investors”.

“For society, GHCL Foundation Trust is carrying out various CSR activities in the areas of healthcare, agriculture and animal husbandry, education, and skill development. More than three lakh people living around our areas of operations have been positively impacted through our various initiatives,” the statement said.

### **‘Flawed’ impact assessment**

The area around the Bada village is characterised by open grasslands and open scrub vegetation, with a beach located less than a kilometer away from the proposed site. It has seen no industrial activity so far, and most inhabitants depend on agriculture, residents say.

“There’s no pollution at all where we live, and we want it to stay that way,” Bharat Gala, a resident of Bada village who splits his time between Mumbai and Bada, told ThePrint over the phone.

He added that residents had collectively lodged a complaint with the National Accreditation Board — one of two agencies responsible for providing accreditation to higher education institutions in India — about NEERI and NIO’s lack of accreditation.

The NAB responded on 1 December saying it will look into the matter, he added.

Apart from accreditation certificates, the EAC has also asked GHCL to furnish proof of coastal and forest clearances, as well as to translate the public comments received on 25 November into English, shows the document available on MoEF&CC. The public comments are currently available on the State Pollution Board website in Gujarati.

According to the EIA, which was conducted between October 2018 and January 2019, no turtles were observed off the coast of Bada — a claim heavily contested by locals.

In an undated letter he wrote to the Gujarat Pollution Control Board, Valji Jasraj Gadhvi, a wildlife enthusiast and a resident of the nearby Kathda village, listed various endangered species — ranging from chinkara, hyenas and caracals, to the spiny-tailed lizard — that can be found in the area.

He also attached photographs and past government reports as “proof”.

According to a response to an RTI that Gadhvi filed in March this year, the local forest department rescued 8,548 sea turtle eggs between 2011 and 2021.

ThePrint has seen the letter and RTI replies.

Gadhvi claims the area is a nesting site for the endangered olive ridley and green sea turtles.

“It is also surprising that the EIA doesn’t mention peacocks at all when there are at least 500 in the area,” he told ThePrint. “This is a clean beach. The endangered green sea turtles come to lay their eggs here. Having any polluting plant will destroy this wildlife.”

The project's wildlife conservation plan acknowledges the presence of some wildlife in the area. However, the report also claims that its "primary observations" suggest that the coast near the proposed project site may not be suitable for turtle nesting "due to narrow supra tidal region, steep slope, dense vegetation, and presence of predators such as dogs and jackals".

"Though our observations suggest that there may be no or negligible probability of sea turtle nesting, a proper systematic study shall be carried out to find out the exact status of sea turtle nesting in the study area through an expert," the GHCL plan says.

### **Air pollution**

In addition to the threats posed to the local wildlife, the plant is projected to produce 11 lakh tonnes of light soda ash, 5 lakh tonnes of dense soda ash, and 2 lakh tonnes of sodium bicarbonate per annum, according to the plan. A coal or lignite-fired power plant is to power the operation, leading to higher pollution in the area.

The company also plans to lay underground pipes.

"GHCL proposes to lay underground intake and outfall pipes and release effluents and water which will be at least 5 degrees warmer than the natural water temperatures. This will definitely have a grave impact not only on the nesting of the sea turtles but also on the fish nesting sites along the coast," said Dhvani Shah, a Gujarat-based environmental researcher.

Gala, the resident quoted above, said a public consultation held on 17 October went on for over 11 hours because of the resistance from the local community.

### **EIA's past 'violations' flagged by CAG**

This is not the first time that the EIA process has come under scrutiny — in fact, the allegations surrounding the soda ash project point to a deeper malaise in the environmental and coastal clearance process itself.

On 8 August, the Comptroller and Auditor General of India released a report on the oversight involved in the process. CAG said in its findings that projects had been granted clearances despite the EIA consultants lacking accreditation — an allegation also made in the current case.

The CAG also identified 14 instances of environment clearance being granted when the EIA failed to identify biodiversity hotspots, and another 12 where the EIA relied on outdated data.

The scale of violations made it "imperative to assess the implementation" of the process, the CAG report said. <https://theprint.in/environment/flawed-eia-stalls-rs-3500-cr-gujarat-chemical-plant-project-that-sparked-pollution-fears/1286280/>

6. EIA में गड़बड़ी- गुजरात में रोका गया 3,500 करोड़ का केमिकल प्लांट प्रोजेक्ट, प्रदूषण फैलने की थी आशंका ([hindi.theprint.in](https://theprint.in)) 30 December, 2022

गुजरात में पर्यावरण प्रभाव आकलन (ईआईए) में कमियां पाए जाने के बाद सोडा ऐश निर्माण संबंधी एक संयंत्र को फिलहाल मंजूरी देने से इनकार कर दिया गया है. पर्यावरण, वन एवं जलवायु परिवर्तन मंत्रालय (एमओईएफ और सीसी) की वेबसाइट पर उपलब्ध दस्तावेजों के



मुताबिक इस परियोजना से व्यापक स्तर पर प्रदूषण बढ़ने और स्थानीय पारिस्थितिकी तंत्र के लिए खतरा उत्पन्न होने की आशंका है.

डालमिया समूह की एक इकाई गुजरात हेवी केमिकल्स लिमिटेड (जीएचसीएल) की तरफ से प्रस्तावित परियोजना के तहत कच्छ के तट से कुछ दूर मांडवी तालुका के गांव बाड़ा में एक विशाल सोडा ऐश निर्माण इकाई की जानी थी. सोडा ऐश का उपयोग डिटर्जेंट, कांच और मिट्टी के पात्र बनाने में किया जाता है.

कंपनी के दस्तावेजों के मुताबिक, परियोजना की अनुमानित लागत 3,500 करोड़ रुपये है. बताया जा रहा है कि इससे वायु प्रदूषण काफी ज्यादा बढ़ने के साथ ही तमाम तरह के अपशिष्ट अरब सागर में पहुंचने की भी आशंका है.

पर्यावरण मंजूरी प्रक्रिया के तहत जीएचसीएल ने 24 नवंबर को केंद्र सरकार को लोगों की टिप्पणियों के साथ अपनी ईआईए रिपोर्ट पेश की थी.

हालांकि, विशेषज्ञ मूल्यांकन समिति (ईएसी) के सदस्य सचिव एम. रमेश ने 7 दिसंबर को ये प्रस्ताव लौटा दिया और प्रोजेक्ट को आगे मंजूरी देने से पहले कंपनी से और अधिक ब्योरा देने को कहा.

ईएसी केंद्रीय पर्यावरण मंत्रालय के तहत एक स्वायत्त निकाय है और पर्यावरणीय मंजूरी के लिए सिफारिश करने से पहले परियोजनाओं की समीक्षा का जिम्मा यही समिति संभालती है.

नाम न छापने की शर्त पर ईएसी के एक सदस्य ने दिप्रिंट को बताया, 'ईएसी ने फिलहाल इस प्रस्ताव पर चर्चा नहीं की है क्योंकि कंपनी से और ब्योरा देने को कहा गया है. उनसे ईआईए अधिसूचना में निर्धारित बिंदुओं के आधार पर जानकारी मांगी गई है, और उन्हें आवश्यक दस्तावेजों के साथ जवाब देना होगा.' साथ ही जोड़ा, 'एक बार सही दस्तावेज मिलने के बाद इस पर ईएसी में आगे आगे चर्चा हो सकती है. यदि वे उपयुक्त दस्तावेज पेश नहीं कर पाए तो परियोजना को सूची से बाहर किया जा सकता है.'

स्थानीय निवासी और पर्यावरण कार्यकर्ता महीनों से यह कहते हुए परियोजना का विरोध कर रहे हैं कि इससे क्षेत्र में प्रदूषण का स्तर बहुत ज्यादा बढ़ जाएगा. साथ ही, पर्यावरण प्रभाव आकलन (ईआईए) के लिए अपनाए गए तरीके में खामियां होने का आरोप भी लगा रहे हैं. उनका दावा है कि पर्यावरण प्रभाव का आकलन करने वाली एजेंसियों राष्ट्रीय पर्यावरण

इंजीनियरिंग अनुसंधान संस्थान (नीरी) और राष्ट्रीय समुद्र विज्ञान संस्थान (एनआईओ) को इसके लिए उचित मान्यता हासिल नहीं है।

इस पर मंत्रालय की समिति ने जीएचसीएल से दोनों एजेंसियों के मान्यता संबंध प्रमाणपत्र मांगे हैं।

नेशनल एक्रिडिशन बोर्ड की वेबसाइट पर उपलब्ध जानकारी के अनुसार, नीरी और एनआईओ दोनों ही सोडा ऐश उद्योग के लिए ईआईए अध्ययन करने के लिए अधिकृत नहीं हैं।

दिप्रिंट ने फोन कॉल और मैसेज के जरिये जीएचसीएल के चीफ ऑपरेटिंग ऑफिसर एन.एन. राडिया से संपर्क साधने की कोशिश की और उनके जनसंपर्क प्रतिनिधि और मीडिया प्रभारी को ईमेल भी भेजा। लेकिन अभी कोई प्रतिक्रिया नहीं मिली है। जवाब आने पर रिपोर्ट को अपडेट किया जाएगा।

लेकिन द प्रोब को दिए एक बयान में जीएचसीएल ने कहा कि वह 'अपने सभी हितधारकों के हितों को पूरा महत्व देने को प्रतिबद्ध है, जिसमें समाज, वैंडर, ग्राहक, कर्मचारी और निवेशक शामिल हैं।'

बयान में कहा गया है, 'समाज के लिए, जीएचसीएल फाउंडेशन ट्रस्ट स्वास्थ्य सेवा, कृषि और पशुपालन, शिक्षा और कौशल विकास के क्षेत्रों में विभिन्न सीएसआर गतिविधियों को अंजाम दे रहा है। हमारे परिचालन क्षेत्रों के आसपास रहने वाले तीन लाख से अधिक लोगों पर हमारी विभिन्न पहल का सकारात्मक असर भी पड़ा है।'

### **'त्रुटिपूर्ण' पर्यावरण प्रभाव मूल्यांकन**

बाड़ा गांव के आसपास के क्षेत्र में दूर-दूर तक फैले घास के मैदान हैं और तमाम वनस्पतियां भी पाई जाती हैं। प्रोजेक्ट के लिए प्रस्तावित स्थल से एक किलोमीटर से भी कम दूरी पर समुद्र तट है। स्थानीय लोगों का कहना है कि यहां अब तक कोई औद्योगिक गतिविधियां नहीं देखी गई हैं, और अधिकांश निवासी कृषि पर निर्भर हैं।

मुंबई और बाड़ा के बीच आते-जाते रहने वाले बाड़ा गांव के निवासी भारत गाला ने फोन पर दिप्रिंट को बताया, 'जहां हम रहते हैं वहां बिल्कुल भी प्रदूषण नहीं है और हम चाहते हैं कि यह जगह इसी तरह बनी रहे।'

उन्होंने बताया कि स्थानीय लोगों ने सामूहिक तौर पर नेशनल एक्रिडिशन बोर्ड—जो भारत में उच्च शिक्षण संस्थानों को मान्यता प्रदान करने वाली दो प्रमुख एजेंसियों में से एक है—के समक्ष नीरी और एनआईओ को मान्यता न होने को लेकर शिकायत दर्ज कराई थी.

उन्होंने कहा कि इस पर एनएबी की तरफ से 1 दिसंबर को दिए गए जवाब में इस मामले पर गौर करने का आश्वासन दिया गया है.

वन एवं पर्यावरण मंत्रालय की वेबसाइट पर उपलब्ध जानकारी के मुताबिक, पर्यावरण समिति ने मान्यता प्रमाणपत्रों के अलावा जीएचसीएल को तटीय और वन मंजूरी के प्रमाण पेश करने को कहा है, साथ ही 25 नवंबर को हासिल सार्वजनिक टिप्पणियों का अंग्रेजी में अनुवाद कराने को भी कहा है. सार्वजनिक टिप्पणियां अभी राज्य प्रदूषण बोर्ड की वेबसाइट पर गुजराती में उपलब्ध हैं.

अक्टूबर 2018 और जनवरी 2019 के बीच आयोजित ईआईए के मुताबिक, बाड़ा के तट पर कोई कछुआ नहीं देखा गया. लेकिन स्थानीय लोगों ने इस दावे का कड़ा विरोध किया है.

वन्यजीव प्रेमी और नजदीकी गांव कठदा निवासी वलजी जसराज गढ़वी ने बिना तारीख वाले एक पत्र में गुजरात प्रदूषण नियंत्रण बोर्ड को लिखा था कि क्षेत्र में विभिन्न लुप्तप्राय प्रजातियों—चिंकारा, लकड़बग्घा और कैराकल से लेकर कांटेदार पूंछ वाली छिपकली तक—को पाया जा सकता है.

उन्होंने 'सबूत' के तौर पर कुछ तस्वीरें और पिछली सरकारी रिपोर्ट भी भेजी है.

इस साल मार्च में गढ़वी की तरफ से दायर एक आरटीआई के जवाब के मुताबिक, स्थानीय वन विभाग ने 2011 और 2021 के बीच 8,548 समुद्री कछुए के अंडे बचाए हैं.

दिप्रिंट ने पत्र और आरटीआई के जवाब देखे हैं.

गढ़वी का दावा है कि यह इलाका लुप्तप्राय ओलिव रिडले और हरे समुद्री कछुओं के लिए घोंसला बनाने वाला एक स्थान है.

उन्होंने दिप्रिंट को बताया, 'यह भी हैरानी की बात है कि ईआईए में मोर का जिक्र ही नहीं है, जबकि क्षेत्र में कम से कम 500 मोर हैं. यह एक साफ समुद्र तट है. लुप्तप्राय हरे समुद्री

कछुए यहां अपने अंडे देने आते हैं. कोई प्रदूषणकारी संयंत्र स्थापित किए जाने से यह वन्यजीवन नष्ट हो जाएगा.'

परियोजना के तहत वन्यजीव संरक्षण योजना में क्षेत्र में कुछ वन्यजीवों की उपस्थिति को स्वीकारा गया है. हालांकि, रिपोर्ट में यह दावा भी किया गया कि इसके 'प्राथमिक आकलन' से पता चलता है कि प्रस्तावित परियोजना स्थल के पास का तट कछुओं के घोंसले के लिए उपयुक्त नहीं हो सकता है क्योंकि यह 'संकीर्ण और व्यापक ज्वारीय क्षेत्र है, और साथ ही खड़ी ढलान, सघन वनस्पतियों, और कुत्तों और सियार जैसे शिकारी जीवों की वजह से भी यह जगह उपयुक्त नहीं हो सकती.'

जीएचसीएल के प्लान में आगे कहा गया है, 'हालांकि, हमारे आकलन से पता चलता है कि यहां समुद्री कछुए के घोंसले बनाने की थोड़ी-बहुत या फिर नगण्य संभावना ही हो सकती है, लेकिन विशेषज्ञ के माध्यम से अध्ययन क्षेत्र में समुद्री कछुए के घोंसले की सटीक स्थिति का पता लगाने के लिए एक उचित व्यवस्थित अध्ययन किया जाएगा.'

### **वायु प्रदूषण फैलने का भी जोखिम**

योजना के मुताबिक, स्थानीय वन्यजीवों को होने वाले खतरों के अलावा, संयंत्र से प्रति वर्ष 11 लाख टन लाइट सोडा ऐश, 5 लाख टन डेंस सोडा ऐश और 2 लाख टन सोडियम बाइकार्बोनेट का उत्पादन होने का अनुमान है. इसके संचालन के लिए कोयला या लिग्नाइट चालित बिजली संयंत्र होगा, जिससे क्षेत्र में काफी ज्यादा प्रदूषण फैलने की आशंका है.

कंपनी की भूमिगत पाइप बिछाने की भी योजना है.

गुजरात के एक पर्यावरण शोधकर्ता ध्वनि शाह ने कहा, 'जीएचसीएल की भूमिगत इनटेक और आउटफॉल पाइप बिछाने की भी योजना है जिसके जरिये अपशिष्ट और पानी छोड़ा जाएगा. इससे निकलने वाला पानी सामान्य तापमान से कम से कम 5 डिग्री अधिक गर्म ही होगा. निश्चित तौर पर यह न केवल समुद्री कछुओं के घोंसले पर बल्कि तटवर्ती क्षेत्र में मछली के घोंसले पर भी गंभीर प्रतिकूल प्रभाव डालेगा.'

ऊपर उद्धृत निवासी, गाला ने कहा कि 17 अक्टूबर को आयोजित एक सार्वजनिक परामर्श स्थानीय समुदाय की तरफ से जताई गई आपत्तियों के कारण 11 घंटे से अधिक समय तक चला.

## पूर्व में ईआईए में 'खामियों' पर कैग ने जताई नाराजगी

यह पहला मौका नहीं है कि ईआईए प्रक्रिया जांच के दायरे में आई है—दरअसल, सोडा ऐश परियोजना को लेकर लग रहे आरोपों ने पर्यावरण और तटवर्ती क्षेत्रों को लेकर क्लीयरेंस प्रोसेस की खामियों को ही उजागर किया है.

8 अगस्त को भारत के नियंत्रक और महालेखा परीक्षक ने प्रक्रिया के तहत निरीक्षण पर एक रिपोर्ट जारी की. कैग ने अपने निष्कर्षों में कहा कि ईआईए सलाहकारों के पास मान्यता की कमी के बावजूद परियोजनाओं को मंजूरी दी गई है, जैसा आरोप मौजूदा मामले में भी लग रहा है.

कैग ने पर्यावरण मंजूरी के ऐसे 14 मामलों को सामने रखा जब पर्यावरण प्रभाव आकलन जैव विविधता हॉटस्पॉट की पहचान में विफल रहा, और अन्य 12 ऐसे मामले भी बताए जहां ईआईए पुराने डेटा पर निर्भर था.

कैग की रिपोर्ट में कहा गया है कि जिस तरह से उल्लंघन हो रहा है, उसे देखते हुए इस प्रक्रिया पर 'अमल के तरीके का ही आकलन किए जाने की जरूरत' नजर आ रही है. <https://hindi.theprint.in/india/gujarat-wild-life-save-environment-air-pollution-environment-impact-assessment/447855/>

## 7. Srirangam temple funds properly audited, says Madras high court; rejects PIL ([timesofindia.indiatimes.com](https://timesofindia.indiatimes.com)) Updated: Dec 30, 2022

CHENNAI: A PIL seeking audit at Srirangam Ranganatha Swamy Temple since 2000 was rejected by the Madras high court, which said a state government department had indeed done an audit of the temple.

"The accounts of the temple are properly audited, and the audit has been completed up to July 30, 2021," said the first bench headed by Acting Chief Justice T Raja.

Dismissing the PIL, the bench said, "Moreover, the accounts of the temple are audited by the audit department of Hindu religious institutions, which is under the control of the finance department."

In 2018, an activist, Rangarajan Narasimhan, moved a plea seeking audit of the accounts of temples under the administration of HR&CE department, particularly, Srirangam temple from 2000 to till date.

He alleged that the authorities, including the board of trustees and the HR&CE department, formed a league among them and administered the temple with no regard to age-old traditions and Srivaishnava Sampradaya. He said money was spent on activities that are against the Sampradaya of the temple.

Denying the allegations, the department submitted that the finances of the temple were audited by Tamil Nadu audit department.

"The temples under the control of the HR&CE were not established or created under any statute. Therefore, without meaning any derogation to the powers of the CAG, it could be safely mentioned that when the special Act dealing with the administration of the religious institutions, including audits, are already in place, the provisions under the CAG Act need not be invoked," the department said. <https://timesofindia.indiatimes.com/city/chennai/srirangam-temple-funds-properly-audited-says-madras-high-court-rejects-pil/articleshow/96609360.cms>

## SELECTED NEWS ITEMS/ARTICLES FOR READING

### **8. RBI flags states' rising subsidies, says will hinder spending on development** ([economictimes.indiatimes.com](https://economictimes.indiatimes.com)) December 30, 2022

The Reserve Bank of India on Thursday in its report flagged concerns around the rising subsidies announced by multiple states.

The central bank has said that the rising expenditure on non-merit subsidies may raise the share of committed expenditure in states' spending. This is likely to constrain the fiscal space available to states for developmental and capital spending, the RBI said in its Financial Stability Report, December 2022.

By definition, subsidies linked to basic education have significant positive externalities and are called merit-based but most subsidies are non-merit subsidies.

States' expenditure on subsidies has grown by 12.9% and 11.2% in FY21 and FY22 respectively after contracting in FY20. Commensurately, the share of subsidies in their total revenue expenditure has also risen from 7.8 per cent in 2019-20 to 8.2 per cent in 2021-22, RBI said.

"Notwithstanding the gains from fiscal consolidation, there are concerns about rising subsidies announced by many states. The 15th Finance Commission's report has also flagged the issue of the rising share of subsidies in some of the states' revenue expenditures," the RBI said.

In a report earlier this year, India Ratings had warned states against their competitive subsidies and said five states, led by Punjab, are on the brink of a deep fiscal crisis as their subsidies are much higher than sustainable levels in terms of a percentage of GSDP. The other top states with a very high level of subsidy burdens as cited in the report were Chhattisgarh, Rajasthan, Karnataka and Bihar between FY19 and FY22.

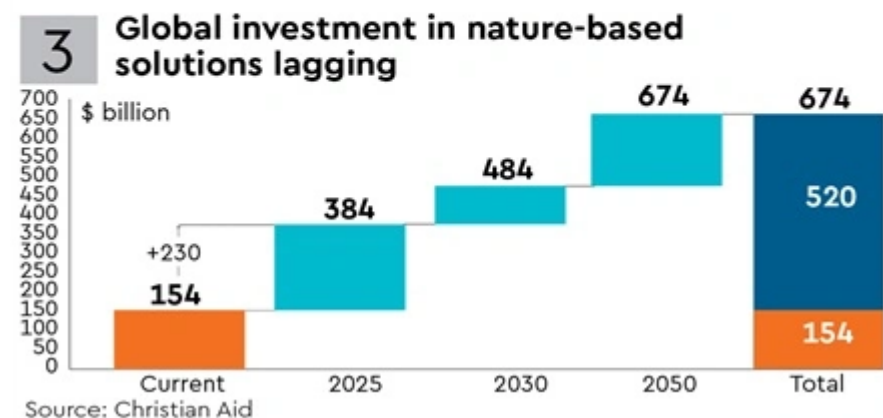
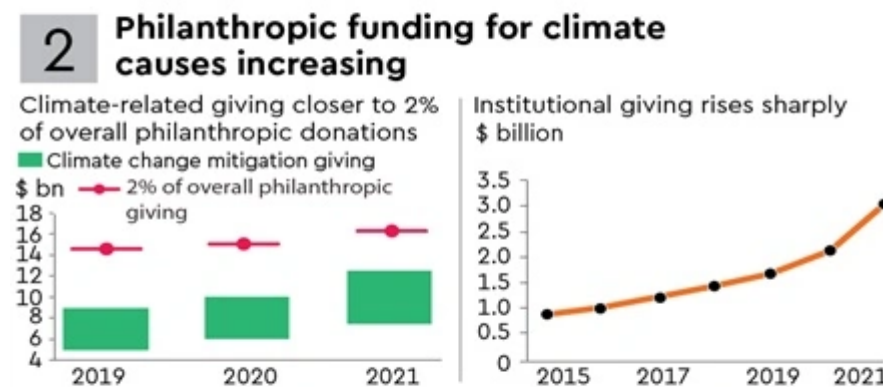
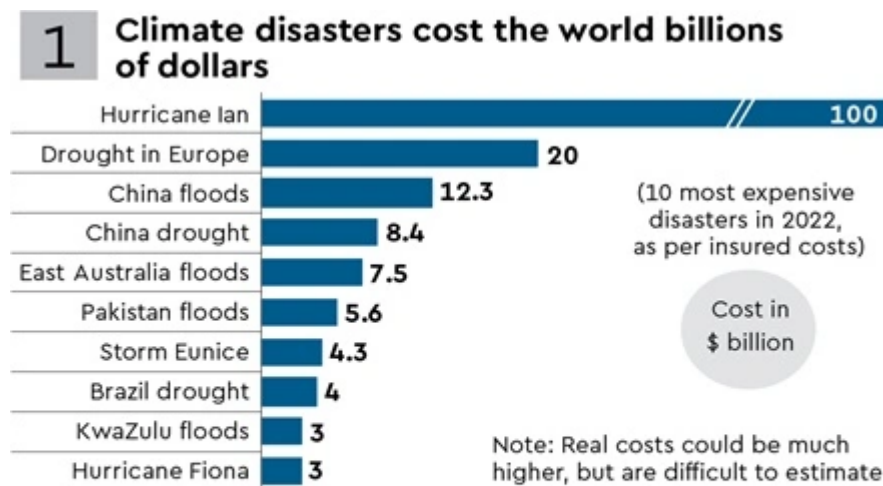
States tend to fund subsidies, which are mostly non-merit ones, by compressing the capex, due to competitive politics, Devendra Pant, chief economist and head of public finance at the agency, said.

The growing culture of doling out subsidies ahead of elections has lately been a topic of public discussion, with NK Singh, chairman of the 15th Finance Commission, publicly speaking against it, highlighting the fiscal unsustainability of these freebies. <https://economictimes.indiatimes.com/news/economy/indicators/rbi-flags->



**9. Costs of climate disasters** ([financialexpress.com](https://www.financialexpress.com)) December 30, 2022

The 10 most expensive climate-related disasters in 2022 cost the world close to \$170 billion in terms of insured losses, as per Christian Aid, a leading UK-based charity. The lowest such loss was from Hurricane Fiona, which affected the Caribbean region and Canada, at \$3 billion.



Bear in mind, the actual losses are much higher—for instance, the insured loss from the Pakistan floods stood at \$5.6 billion, but the actual loss is pegged at \$30-40 billion. In many cases, it is difficult to estimate the actual loss, given this is also estimated by some in terms of future costs.

While climate-related philanthropic funding has been growing, global investment in nature-based solutions for climate change mitigation is yet to gather speed. <https://www.financialexpress.com/opinion/costs-of-climate-disasters/2931080/>

## **10. Looking back to move ahead for clean energy transitions** ([downtoearth.org.in](http://downtoearth.org.in)) Updated: 29 Dec 2022

The year 2022 has been favourable for Indian policymakers working towards a clean energy transition. This is despite the turbulent times with unpredictable climate events such as the extreme heat waves throughout the country and soaring energy demand and prices.

India's power sector has undergone significant development through the increased penetration of renewable energy in the grid and the increasing presence of grid-connected distributed generation.

India ranked third in the Renewable Energy Attractive Index, 2021 by Ernst & Young that analyses the world's top 40 markets on the attractiveness of their renewable energy investment and deployment opportunities.

In terms of renewable energy installed capacity (including large hydro), India occupies the fourth position globally. India occupies the 4th position for wind and solar power, according to the report released by the Union Ministry of New and Renewable Energy in 2022.

India is the second-largest market in Asia when it comes to new solar photovoltaic capacity additions, and ranked third globally (around 13 gigawatts were added in 2021). Regarding the total installations, the subcontinent stood fourth with a capacity of around 60.4 GW, overtaking Germany, which had a total of around 59.2 GW.

In 2022, India's total renewable energy installed capacity was 166 GW.

The country has set a target to bring its carbon intensity to under 45 per cent by the end of the decade, achieve 50 per cent of its cumulative electric power installed capacity by 2030 and Net Zero emissions by 2070. Low-carbon applications could create a market share of about \$80 billion in India by 2030.

In the Climate Change Performance Index 2023, India occupies eighth position.

The country's renewable energy sector has received foreign direct investments of more than \$13 billion in the past 22 years.

India has set a target to generate five million tonnes of green hydrogen by 2030. The country's green hydrogen target based on electrolyser manufacturing capacity is estimated to reach 8GW per annum by 2025.

### Key highlights of the Union Budget 2022

- Solar PLI scheme with an added allocation of Rs 19,500 to incentivise the domestic manufacturing of solar cell modules
- Establishment of sovereign green bonds for public sector projects

-Co-firing of 5-7 per cent of biomass pellets in thermal power plants, which would help in the reduction of 38 MMT of carbon dioxide each year

Steps taken by the Government of India for transitioning towards clean energy to improve the twin problems of energy access and reliable energy:

-A total of 59 solar parks with a combined capacity of 40 GW have been sanctioned in India

-A 30 GW solar-wind hybrid renewable energy park, the most extensive in the world, in Gujarat

-Projects worth \$196.98 billion are under construction in India, providing a good investment opportunity in the non-conventional sector

-Off-shore wind energy target of 30 GW by 2030 was set and three potential project locations were identified

-The second component of the Green Energy corridor with a target of 9,700 km transmission lines and a substation capacity of 22,600 MVA is expected to be achieved by March 2023.

-Solarisation of the sun temple and the town of Modhera — India's first battery storage and solar power based 'Suryagram' in Gujarat

-Rooftop Phase II launched in February 2019 to achieve a cumulative capacity target of 40 GW by 2022

-Waiver of ISTS charges and losses interstate sale of the power from solar and wind projects

-Launch of solar rooftop portal

-India and France have been re-elected the President and the co-president of the ISA assembly for the period from October 2022-October 2024

India envisions the expansion of the power grid connectivity to southeast Asian nations and having a unified power market.

India has had a strong cross-border interlinking with Bangladesh, Nepal and Bhutan in the last decade. Besides hydropower, solar energy would be an important component of cross-border energy trade to improve energy access in south Asia.

Carbon credit market and what it holds for India

World-over countries have made commitments to combat climate change issues. This has increased the voluntary carbon market, and for India, the market has kickstarted in a big way.

The market was nearly inactive in 2020 and has come a long way to reach more than \$1 billion. More than a third of the 2,000 biggest publicly traded organisations worldwide have pledged to Net Zero by 2050.

Over 4,000 of the science-based targets by organisations have better medium-term targets than Net Zero achievements.

Numerous other organisations worldwide were either carbon-neutral or pledged to be carbon-neutral. Such pledges by enterprises progressively make up many billions of tonnes in terms of Scope 1, 2 and 3 emissions.

The science-based targets necessitate that reduction in emissions is achieved by taking suitable steps to curb it.

Net Zero and carbon-neutral work on the principle of lowering the carbon emissions to the maximum extent possible and then offsetting the rest of it. This has resulted in an exponential rise in the voluntary carbon market worldwide to cover up for the last mile in emission reduction.

The requirement is generated by organisations who want to complete their carbon-neutral obligations and those trying to fix the offset links to accomplish the Net Zero targets in the upcoming years.

India holds a prominent position in producing good quality carbon credits through noteworthy projects. The majority of the requirements for Indian carbon credit come from abroad, with the prices of credits for community-based projects increasing to more than \$5. The contracts are made directly with developers. The agreements are made through credit contracts, project financing or forward contracts.

According to India's 2070 Net Zero pledge towards the nationally determined contributions of the Paris Agreement, the government has stated that the carbon credits generated within the country would be utilised for the country to meet the emission reductions and should not be sold outside the country. In this regard, the government has proposed creating a national carbon market.

The presence of the goods and services tax (GST) impedes the country's voluntary carbon market. Carbon credits cannot be taxed and are capital assets, according to a Madras High Court ruling.

With increasing volumes of trade, such an arrangement would invite GST. Credit contracts should identify and include suitable provisions for fixing the inevitable. <https://www.downtoearth.org.in/blog/renewable-energy/2022-looking-back-to-move-ahead-for-clean-energy-transitions-86846>

## **11. Why courts should study the economic impact of decisions** ([livemint.com](https://www.livemint.com)) Updated: 30 Dec 2022

As another year comes to an end, I am filled with hope that the new year will bring greater empathy for—and progress to—the helpless and vulnerable. The reason? The actions and assertions of D.Y. Chandrachud, the 50th Chief Justice of India. For quite some time, Justice Chandrachud has spearheaded an initiative to modernize the Indian judiciary by ensuring transparency, accessibility and accountability through digital and inclusive means. He has conveyed his belief that the judiciary should work for all, uphold constitutional morality, and that its decisions should be equitable, comprehensible and implementable. He also understands the importance of having well capacitated district and higher courts.

While well begun is half done, it is now time to shift gears. With a bumpy initial period and winter vacations behind him, Justice Chandrachud will have a little less than two years to put his vision into action. Amid growing scrutiny of the judiciary's decisions, he will need to leave no stone unturned to retain (and in some cases even regain) the trust and confidence of Indian citizens.

A practical way to do this is to institute a mechanism for the judiciary to consider the economic implications of its decisions, particularly for India's vulnerable, before pronouncing them. This is not wishful thinking, nor does it pit the interests of the economy against those of the environment or society.

It just calls for an assessment of the impact of different options available to the courts on diverse stakeholders, whether or not they are legally represented, and taking decisions that avoid adverse repercussions for those who have no connection with the wrongdoing in question. Some may argue that this approach goes beyond the judiciary's remit, but the Constitution empowers courts to take such a holistic view, thereby imposing a moral obligation to do so wherever necessary.

Allow me to explain. Recently, the Prime Minister inaugurated Manohar Parrikar International Airport at Mopa, Goa. This airport is likely to boost tourism, create significant direct and indirect employment opportunities, ensure customer comfort and give a fillip to the Goan economy. While there has been a felt need for a new airport in Goa for several years, its construction has been intermittent. A reason for the interruptions was the suspension of its environmental clearance by the Supreme Court (SC), potentially causing immediate jobs losses estimated at around 1,500 workers and indirectly hurting about 6,900 persons for no fault of theirs.

The suspension lasted a full eight months, contributing to a cost escalation of around ₹715 crore. We are not talking about the economic impact of the delay. Much of this could have been avoided had the judiciary been more considerate in listing and hearing the matter. This isn't to say that the government, bureaucracy and expert committee were not at fault, but two wrongs don't make one right.

Similarly, several affected citizens have recently demanded reopening of a Sterlite Copper plant in Thoothukudi, Tamil Nadu, so that the area's economy can revive. Its permanent closure was ordered by the Tamil Nadu Pollution Control Board and the state government, which was endorsed by the SC and Madras High Court. This closure directly impacted around 30,000 jobs in and around the plant, in addition to affecting around 400 downstream businesses, employing approximately 100,000 people. The livelihoods of thousands of service providers and workers was severely impacted by the closure for no fault of theirs. On the other hand, from a net exporter of copper, India became a net importer, adding to our trade deficit.

These are just a few examples. There are instances galore of judicial decisions that severely hit thousands of jobs, like the judgements that cancelled telecom licences and mining leases en masse.

Our constitutional courts are morally obliged to prevent such consequences. After all, how can a judiciary be future-ready if it is unable or unwilling to appreciate the economic consequences of its decisions on unrepresented groups. It must no longer play deaf to cries of the voiceless.

While the SC in the much-celebrated judgement of Shivashakti Sugars Limited in 2017 highlighted that courts must avoid a particular outcome which has a potentially adverse effect on employment, the economy or state revenue, and should take the economic impact of a decision into consideration, this approach is yet to gain a firm footing.

In early 2022, the SC had directed high courts to be extremely circumspect in staying the execution of projects of national importance. In September, the apex court observed that developing countries cannot be told to stop ongoing projects only because they are likely to worsen climate change. In November, the SC declined to grant a plea seeking a ban on stubble burning an urgent hearing. The court observed that it couldn't enforce such a prohibition against every farmer in Punjab, Haryana and Uttar Pradesh.

While economic interests being taken into consideration is heartening, such instances are few and far between. Justice Chandrachud has a chance to institutionalize economic impact assessments in complex matters by creating a standing roster of experts from diverse fields. Such panels can probe impacts on the vulnerable and offer advice before rulings are made. Here's hoping for some concrete action on this front in 2023. <https://www.livemint.com/opinion/columns/courts-should-study-the-economic-impact-of-decisions-11672335651613.html>

## 12. **Can India afford the Olympics?** ([livemint.com](https://www.livemint.com)) Updated: 30 Dec 2022

Ahmedabad is planning to bid for the 2036 Olympic Games. The city has set the ball rolling by laying the foundation for the Sardar Vallabhbhai Patel Sports Complex at Motera, and drawing the blueprint for another sports complex in neighbouring Narapura. However, that would be just the beginning, even if India does win the 2036 event. First, the costs for hosting an Olympics event have soared, even pushing Greece towards bankruptcy after the 2004 event. In fact, there are few bidders for the Games now because of the prohibitive costs, which may actually open doors for India. Also, India will seriously need to consider whether hosting the Games in Delhi, instead of Ahmedabad, will make the event commercially viable. The capital already has a sporting and physical infrastructure in place.

### **Why countries don't bid for Olympics**

Host nations often hope that the Games will bring some obvious benefits – from raising its international stature to boosting tourism. But it's far from obvious at the moment that it actually happens on the ground.

The biggest hurdle to hosting the Games is the prohibitive costs. Over five decades, host cities have struggled to raise resources to afford the Games. The 1976 Montreal Games left the city buried in debt, taking it almost three decades to recover.

Such expenses have made countries around the world wary of bidding for the Olympics. Los Angeles was the only bidder for the 1984 Summer Games, but managed to earn a profit. It used its existing sports infrastructure to host the Games, instead of investing billions in building new infrastructure, cutting costs significantly.

It encouraged other countries to throw their hats in the ring for future Olympics, but cities tried to outbid each other. Costs ballooned as hosts pumped in enormous amounts to overhaul their



sports infrastructure – it was almost \$50 billion for the 2014 Winter Games in Sochi, Russia and some \$20 billion dollars for the 2016 Summer Games in Rio de Janeiro.

This increased the wariness around hosting Olympics, and Paris and Los Angeles were handed over the 2024 and 2028 venues without much competition. Lack of bidders may work in India's favour for the 2036 Games.

### **Do the hosts benefit from the Olympics?**

Los Angeles made a surplus of almost \$500 million from tourism and broadcasting rights in 1984. South Korea was left with a surplus of \$55 million, benefiting from tourism. But most Olympics have not been money-spinners and can be a burden for cities.

There is little evidence to show that Olympics boosts tourism. While Barcelona reported an uptick in tourism after the 1992 event, and Sydney after 2000, many other cities saw negligible impact of the Games, including Beijing and London.

And then, much of the massive sporting infrastructure built sits idle after the event, costing megabucks to keep it running. Montreal spent millions to maintain its Olympic stadium while Beijing reportedly spends \$11 million a year on its Bird's Nest Olympic Stadium. Rio de Janeiro converted its \$700 million athletes village for 2016 Games into luxury apartments and they are now shuttered. There are even instances of host cities dismantling their Games infrastructure after the event.

There are enormous costs involved in hosting Olympics today, and even the 2020 Tokyo Olympics saw a 100% cost overrun to over \$15 billion. Rio de Janeiro needed a massive bailout from the central government, while Olympics in 2004 nearly landed Greece in bankruptcy.

So, managing costs will be the key. And, for that, the strategy adopted by Los Angeles has significant takeaways for the world. Building on existing sporting infrastructure can lower costs significantly.

Upcoming stadiums at Motera and Narapura in Ahmedabad will be world-class. However, Delhi already has a well-spread out sporting infrastructure built over the decades – to host athletics and hockey to football and tennis – going back to the Asian Games in 1982 and the Commonwealth Games in 2010. In fact, a ₹8,000 crore tender was floated in June 2020 for a makeover to the Jawaharlal Nehru Stadium.

Delhi's physical infrastructure too is superior to that of other Indian cities, from the metro and roads to airport and hotels. Hosting the Olympics in Delhi may help in cutting operational costs significantly, making the event commercially successful.

### **GAME OF THORNS**

- \* Cost of hosting an Olympics has soared
- \* Host cities spend billions in building infrastructure
- \* Most Olympics hosts struggle to make profits

\*Los Angeles cut costs by using existing infrastructure, generating a surplus

\*In India, Delhi appears to have best infrastructure for Olympics

<https://www.livemint.com/opinion/online-views/mint-explainer-can-india-afford-the-olympics-11672341396596.html>

### **13. Revisit maritime policy to increase India's shipping revenues, EXIM trade ([moneycontrol.com](http://moneycontrol.com)) 30 Dec 2022**

Post-COVID-19, global trade has been on a resurgence. From a quarterly low of \$4.9 trillion in the second quarter (Q2) of 2020, the Q1 of 2022 hit a record \$7.7 trillion, and expected to rise further. These figures are an all-time high. The highest pre-COVID-19 figure was \$6.4 trillion in the second quarter of 2018. The growth in trade has been strongly fuelled by merchandise trade which reached \$6.1 trillion in Q1 2022, an increase of about 20 percent relative to Q1 2021. During the same period, the developing countries had a similar merchandise trade growth rate of 21 percent.

India had a merchandise (EXIM) trade growth rate of 25 percent during the same period, between Q1 2022 and Q1 2021. The Q1 2021 EXIM trade for India had just crossed the pre-COVID-19 high which was in Q3 2018. This EXIM trade is continuing to grow. Shipping plays a critical role in India's EXIM trade. It accounts for over 70 percent by value, nearly 90 percent by weight, and over 80 percent by transportation revenues.

The growth in the EXIM trade is largely due to containerised cargo carrying semi-finished and finished goods. While India is very aspirational for trade growth, driven by the spirit of 'Atmanirbharta', the interesting challenge is whether our port and shipping capacity is aligned with this growth.

With the opening up to private involvement in port capacity, and the government's focus on hinterland connectivity through mega projects such as the dedicated freight corridors, the major express-ways and multimodal logistics parks, India should be in a position to deal with the land side issues in terms of infrastructure. The real challenge would be whether the service related issues including shipping are in keeping with the EXIM requirements, and from the principle of 'Atmanirbharta'.

The annual freight revenue (at an estimated 7.5% of the trade value) of India's total EXIM trade (at an estimated \$0.95 trillion trade value) was about \$70 billion during 2021. The share of Indian ships in carrying India's EXIM trade was about 6.53 percent in 2019-20 and 7.8 percent in 2018-19. The share has been consistently reducing, and is significantly lower as compared to 40 percent in 1987-88. This share is at best expected to have changed marginally during the post-COVID-19 2021-22. Out of the total EXIM trade, 20 percent is containerised. Here, the share of Indian ships is much lower at under 1 percent. Thus, every year a significant amount of seaborne freight is paid by India to foreign shipping companies, which is draining Indian foreign exchange.

It is important to examine the policy issues that would increase the share of shipping revenues for India in its EXIM trade.

While India followed a protectionist regime to promote Indian shipping, the reality was that it had a counter-productive influence by making the Indian shipping industry secure in a

protected market with no innovation and growth towards global competitiveness. This protectionism was at least at three levels. The first was protecting EXIM trade of public sector for Indian ships through a chartering regulation administered by an entity called Transchart; the second was to protect coastal trade through the Cabotage Law (this had the unintended consequence of the trans-shipment market establishing itself in foreign ports); the third was to offer a ready market to the Indian ship building industry through a 'pari-passu' clause, by which Indian ship owners had to order equivalent shipping capacity from Indian ship builders as from foreign ship builders. In addition, strict regulations towards external commercial borrowings (ECBs), taxation regime, and bureaucratic procedures for approvals essentially choked the sector including EXIM trade.

Over the past two decades, these measures have been relaxed to enable better competitiveness for our trade. In the process, while trade was facilitated, the shipping sector had to face a lot more competition. The philosophy of protectionism changed from rule-based to incentive-based. The tonnage tax regime was brought in as an option to enable better management of taxes and consequent risks for Indian shipping companies. Instead of a chartering regulation, a Right of First Refusal (ROFR) for Indian Shipping with supporting subsidies was introduced. The Cabotage Law was relaxed for EXIM and empty containers. The 'pari-passu' clause was done away with.

These resulted in marginal increase in Indian ship owning, sustained a higher share of Indian flagging (as compared to the top shipping nations of the world), set a context for bringing in the trans-shipment market into India, and enabled the Indian ship building industry to re-strategise and build on their strengths (for example ship repair, niche markets including for defence, etc.).

Despite these moves, the share of revenues for the Indian shipping sector has not gone up. It should be noted, however, that more large companies are entering the Indian ship owning segment, though sometimes preferring to flag the ships out of India. Further, Indian shipping companies have traditionally been able to compete in the cross-trading market where geographically available. Indian shipping manpower continues to compete globally due to its quality training, especially at the officer level.

Some of the restrictions in the tonnage tax, and the manning requirements and related income tax regulations have been viewed as pain points by those who can grow the Indian shipping sector. It would be worth having a flagging regime that addresses these pain points with appropriate benefits tied with their focus on Indian EXIM trade.

Alternately, or in addition, the concept of 'Place of Effective Management (POEM)' can be leveraged for similar benefits. Privatising the Shipping Corporation of India (SCI) and the Container Corporation of India (CONCOR) would be a step in the right direction to enable a market-oriented aggressive play. However, in both these instances, it is important to note that the public sector entity has a substantial market share in the relevant market, and could hurt the performance of the smaller players. It would be important to consider whether these entities should be 'unbundled' for privatisation. While the value for the 'unbundled' entities would be lower than the 'bundled' entity, the benefit in value for the other players and for the industry through market growth, both current and potential should be considered.

While we have set a context for bringing the trans-shipment market into India, it is important that some ports be developed with (i) the appropriate draft and other requirements for the

increasing sizes of the mother vessels, (ii) the service facilities for the trans-shipment (hi-tech cranes, large backup yard, quick intra port movements with IT support and trained manpower), and (iii) scope for hinterland cargo and movement.

While we consider ship-owning and ports, it is also important to recognise that the support service sector has a revenue value equivalent to that of freight revenue. This part of the shipping ecosystem for Indian EXIM trade also has a large foreign share. We should recognise this and enable Indian players to build 'world-class' branded service organisations. These would include the domains of (a) shipping agencies (b) shipping finance and insurance; and (c) legal services and dispute resolution. The initiative of GIFT city in Gujarat is a good example of enabling greater global competitiveness from Indian shores in the service sector. <https://www.moneycontrol.com/news/opinion/revisit-maritime-policy-to-increase-indias-shipping-revenues-exim-trade-9785531.html>

#### **14. Centre to revive hydro projects ([livemint.com](https://www.livemint.com)) 30 Dec 2022**

With several hydro-power projects in Arunachal Pradesh remaining stalled, the Centre has identified around 10 to be taken over by state-run power developers soon.

Two officials aware of the developments said tripartite agreements will be soon be signed between the public sector units, the government of Arunachal Pradesh and the independent power developers that were originally awarded the projects.

The plan is to take over the stalled projects and allow an exit for the companies which have made an investment and want their money back, through a litigation-free settlement, they said.

"For the last 10-15 years, there has been no progress at all, so there was suffering on the hydro side. In some cases private parties have invested some money...prepared the detailed project report or took up some other development. They would want to exit, but would also like to get back the money they spent," said one of the two officials.

"Ten such major sites have been identified for tripartite agreements. The CPSE, such as NHPC or NEEPCO, will pay the money to the original developer to whom it was allotted and the latter will exit," the official added. Some of the projects being considered for takeover by a public sector hydro power major are Kalai-1, Tato-1 and Tato-2.

Another official said the expenditure incurred by the original developer would be evaluated by a committee of the power ministry.

Further, the state government is also looking at taking over the projects where no investment has been made, which will later be transferred to PSUs. "Around 100 projects in the state are under the scanner, and the projects will be taken up for resolution in a phased manner," the official added.

Queries sent to the union ministry of power and the department of power, government of Arunachal Pradesh remained unanswered till press time.

In March this year, Chowna Mein, the deputy chief minister of Arunachal Pradesh informed the state legislative assembly that the state government has terminated 44 agreements with private power developers.

This assumes importance given China's 14th five-year plan proposing building a massive dam over the Brahmaputra river, known in China as the Yarlung Tsangpo, a development that has raised concerns in India because of the strategic ramifications.

Recent India-China clashes after Chinese incursion in the Tawang sector of Arunachal Pradesh has worsened ties.

In a bid to strengthen its the hydro infrastructure in the strategic state, the Centre has accelerated efforts to both revive stalled projects and build new dams. <https://www.livemint.com/news/india/centre-to-revive-hydro-projects-11672337540214.html>

**15. We did not manage to double the income of Indian farmers (*livemint.com*)** 29 Dec 2022

On 28 February 2016, at a farmer rally in Bareilly, Uttar Pradesh, Prime Minister Narendra Modi announced the government's intention of doubling the income of farmers by 2022, a year marking 75 years of India's independence. That it was not just political rhetoric but a real project was evident from the follow-up. An expert committee headed by Ashok Dalwai submitted a report on Doubling Farmers' Income (DFI) in 14 volumes.

While the aim is welcome and has been reiterated several times by government functionaries, there is no clarity on who a 'farmer' is and what is meant by farmer's income. Immediately after the announcement, Niti Aayog brought out a policy paper (policy paper no.1/2017) authored by Ramesh Chand, member in-charge of agriculture, providing benchmark estimates of farmers' incomes and details on doubling these. This was a straightforward calculation of what constitutes farmers' income and has been used earlier in academic studies. The policy paper had estimates of incomes of cultivators until 2015-16, which was treated as the base year. By its data, real farm income per cultivator had increased by a paltry 0.44% per year between 2011-12 and 2015-16, as against a 7.5% increase between 2004-05 and 2011-12. It had declined 0.55% per year between 1999-00 and 2004-05, during the term of the first National Democratic Alliance (NDA-1) government.

So, what happened with the farm income of cultivators now that 2022 has come to a close? Between 2016-17 and 2020-21, the last year for which data is available, it declined 1.5% per annum, three times faster than it did during the agrarian crisis under NDA-1. Using 2015-16 as the base year, a year that saw a second successive drought, does improve the result to 0.6% annual growth between 2015-16 and 2020-21. Data for 2021-22 is not available, but it is clear that even if farm incomes grow at very high rates, it will need a miracle for them to reach the level of 2016-17.

The Dalwai panel adopted a different approach and a broader definition of 'farmer' used by the Situation Assessment Survey (SAS) of the National Statistical Office (NSO). It also used all the income of such households for defining the target of doubling farmers' incomes. This included non-farm incomes from businesses and the labour wages of farmer households. The most recent NSO survey of farmers is for 2018-19. Prior to that, it was in 2012-13. Nonetheless, based on the SAS, the income of farmer households from crop cultivation declined 1.5% per annum between 2012-13 and 2018-19, similar to what was reported by the national accounts method. The income of farmers does rise, albeit barely by 0.6% per annum, when livestock income is included. On adding non-farm income, it shows a growth of 2.8% per annum. Much

of this increase in income is thanks to the non-farm intake of farmer households. Unfortunately, there is no way to estimate farmers' incomes in 2022, as there have been no surveys after 2018-19 and there is unlikely to be one for some time, given that these are generally decennial. The only other source of data on income of agricultural households is the survey of rural households as part of the NABARD All India Financial Inclusion Survey (NAFIS), which provides incomes for 2015-16. Although its definition of agricultural households and income differs from the SAS's, it found that the income of agricultural households from all sources increased 1.7% per annum between 2015-16 and 2018-19, less than half the 3.8% growth rate of the prior period between 2012-13 and 2015-16.

It is unlikely that we will have a robust estimate of what happened to farmers' income in the last five years, given our lack of data. But based on whatever little one can infer using multiple sources, there has been a deceleration in farmer incomes after 2015-16, irrespective of the source or method.

The issue here is not only the trend in farmers' income, in particular from agriculture, but also what is happening in India's broader rural economy. With rural real wages also declining in the last five years, even wage workers have not seen any growth in their incomes. Three-fourths of rural workers are witnessing a decline in income. This is likely to deepen the rural stress. While this has an impact on lives and livelihood, given spiralling inflation this year, it has also deepened a crisis in our economy that is suffering a demand deficiency. Therefore, for any meaningful plan aimed at an economic revival next year, prioritizing the revival of India's rural economy is not just desirable, but a necessity. <https://www.livemint.com/opinion/columns/we-did-not-manage-to-double-the-income-of-indian-farmers-11672333784771.html>

**16. Lost in the shuffle** (*millenniumpost.in*) 29 Dec 2022

The Northeast is a land of beautiful landscapes and a melting pot of communities, faiths, and cultures. However, it is often overlooked and under-explored by many Indians. Despite its location in the country's extreme east, it is still commonly referred to as the Northeast. One thinks that this may be due to its geographical location in other parts of India, or to the historical and cultural ties it shares with the surrounding region.

However, this is because we are still in the historical paradigm and look Northeast from the British government's perspective. The term Northeast is based on the fact that India until early 1900 had its capital in Calcutta.

The British colonial government's desire to expand its markets and consolidate its power in Northeast India led to the capture of new areas of land, including the fertile and resource-rich Brahmaputra valley. To support the export of Assam tea, a railway line was built to connect the region to the Chittagong Port in 1895. This economic activity resulted in a higher per capita income in Assam compared to the rest of India at the time of its independence.

The Northeast begins where ASEAN ends. Both of these areas share a natural affinity, magnoliid features, cultural habits, food and clothing patterns, and other similarities with the rest of India. They are historically linked by old trade routes. Northeast India serves as a "physical and cultural link" between India, Southeast Asia, and East Asia.

The narrative of the Northeast is that of neglect. It has remained outside of the mainstream consciousness of India's heartland. Burma and India were separated in 1937. This relatively



easy partition led to the assumption that the partition in 1947 would also be easy. But things didn't go as planned, and the entire axis of the North East's economic activities came to a halt when the Chittagong port fell into the hands of East Pakistan. The free movement of people, trade, and settlement were all disrupted, and the collapse began.

Following independence, major routes were tightened, effectively strangulating the entire North East area. The Siliguri corridor, also known as the chicken's neck, became the only point of connectivity with the rest of India by providing a narrow strip of 22 km of corridor space.

Rebellions and secession movements that began with the feeling to share resources quickly became prevalent in this region. As economic resources dwindled, more secession movements arose to protect their share. Until 2001, India's strategy and response mechanism were very defensive, with the role limited to dealing with law-and-order issues in the region. For the first time in 2002, the thought process in policy-making and approach were changed and the focus was shifted to the development of the Northeast area. A separate department, DONER, was created during the Vajpayee government. This was a major paradigm shift to boost Northeast's development, where the need was felt to pump in money.

Under the leadership of Prime Minister Narendra Modi, the Look East policy was elevated to the 'Act East Policy'. The Look East policy only addressed ASEAN and its economic integration but the 'Act East Policy' is more comprehensive. It includes not only ASEAN members and their economic integration, but also East Asian countries and security cooperation.

Several infrastructure projects, such as highways, airports, and railway stations, are currently being built in the Northeast region of India. These projects aim to connect all of the state capitals in the area. This development presents an opportunity to recreate the region's historical connections and promote flexible travel and trade.

India needs to take lead from China and step up its efforts on the infrastructural front. China has used Yunnan Province's extremely poor land-locked multilingual, multiethnic, identical geographical area as a gateway to South East Asian Countries. Kunming International Airport is a multi-modal transportation hub that connects the region by air, rail, and highway, revitalising Kunming's historic role as a gateway between China and the rest of the world.

The need of the hour is to develop Guwahati as the Kunming of India, which will help the region to emerge as a major trade hub for South East Asia. Furthermore, the national agencies need to build a diverse range of mega projects in this area which will help in the generation of employment opportunities, and move away from incremental thinking to an exponential mindset.

The Brahmaputra and other tributaries can be used to generate electricity, and it can also be used to develop waterways to other places including Bangladesh, which will be the most cost-effective mode of transportation. The Sagarmala project can also kickstart several mini-projects in the Brahmaputra valley. Due to its subtropical climate, the region is rich in natural vegetation and precious metals. As a result, the location is ideal for establishing a manufacturing unit to export raw materials. Regional transportation needs to be developed to access South East Asian countries. The trilateral highway will aid in the reconstruction of historical trade routes.

There are many untapped opportunities in the Northeast region of India, and a regional approach to development is necessary to take advantage of them. The history of the region suggests that it is important to prioritise both openness and security to foster economic growth. It is time to revitalise the Northeast and return it to its former status as a hub of economic activity.

<https://www.millenniumpost.in/opinion/lost-in-the-shuffle-503764?infinitemscroll=1>