NEWS ITEMS ON CAG/ AUDIT REPORTS (31.01.2023)

1. States cessed out *(thehindubusinessline.com)* January 30, 2023

Cesses and surcharges must be shared with States

Cesses collected in early independent India were intended to aid the development of specific sectors. The different finance commissions from the Fourth Finance Commission disallowed the inclusion of cesses to the devolution pool as the purposes for the proceeds from these cesses were already legislated.

The Eightieth Amendment of the Constitution in 2000 legitimised the exclusion of cesses and surcharges from the devolution pool on the ground that these were levied for specific purposes legislated by Parliament.

A report to the Fifteenth Finance Commission by Vidhi Centre for Legal Policy shows that in 2012-13 proceeds from cesses formed 6.88 per cent of the total tax revenues, which increased to 11.8 per cent in the financial year 2018-19. Revenue earned through surcharges formed 2.83 per cent of the total tax revenue in 2010-11, which jumped to 6.4 per cent in 2018-19. While revenue from both cesses and surcharges was 10.4 per cent in 2011-12, it rose to almost 20 per cent in 2020-21.

Outside divisible pool

Recent years saw the introduction of education, health, highways and infrastructure as the 'specific' purposes for levying cess. The language used to levy cesses now is often general, and the purposes seem open-ended. For example, Road and Infrastructure Cess contributes to a significant chunk of the cess revenue, and the purpose of the cess is to aid the development of highways and other infrastructure in the country, which is not really a specific purpose.

This cess also ensures that a large share of the tax revenue collected by the Union on fuel stays with the Centre. The Health and Education Cess too faces the problem of specificity. The purposes mentioned are subjects of the State List, which has been seen as a move to undermine the powers of the States.

A CAG report on Centre's finances tabled in Parliament in September 2020 observed that of the ₹2.75-lakh crore received from 35 cesses, levies and other charges in 2018-19, only ₹1.64 crore has been transferred to reserve funds and boards during the year and the rest retained in the Consolidated Fund of India.

The CAG has also found that the Centre still needs to create separate funds for the utilisation of proceeds in the health sector. It can thus be argued that cesses meant for distinct purposes are now used for general administrative responsibilities of the Union.

Historically, the Constituent Assembly had opined that surcharges would arise only on rare occasions and would not continue for long periods. Therefore, a time-bound collection of surcharges only as a last resort would keep up with the ethos of the Constitution and Indian federalism.

The increasing levels of cesses and surcharges have led to States demanding more share of revenue and the inclusion of cesses and surcharges into the devolution pool. Their demands are backed by the fact that the States bear the burden of more than 60 per cent of government expenditure. Their demands are not unreasonable.

To study the actual impact of the imposition of cesses and surcharges on State finances, it is possible to compute their impact on the fiscal deficits of each State if these sums are included, the devolution taking place according to the Finance Commission formula. The combined gross fiscal deficit of States in 2017-18 was ₹4,10,410.4 crore and 42 per cent of the total cesses and surcharges in the year amounted to ₹99,629.11 crore, which would cover 24.27 per cent of the combined GFD if distributed.

Smaller states, like those in the North-East, can cover their fiscal deficits many times over if they are allowed the share of cesses and surcharges. Larger States like Uttar Pradesh, West Bengal, Madhya Pradesh and Odisha can cover more than 20 per cent of their fiscal deficits. Other fiscally distressed States like Punjab, Kerala, and Haryana can cover around 10 per cent of the GFD. https://www.thehindubusinessline.com/opinion/states-cessed-out/article66451456.ece

2. Landlock *(kashmirlife.net)* January 30, 2023

The Jammu and Kashmir government's campaign to retrieve the state land encroached upon by individuals, institutions and communities is at its peak. Even though the assurance has been around that the marginal and weaker sections would stay untouched, the campaign seemingly makes no distinction, reports Yawar Hussain

On a wintery morning of January 19, 2023, Sultan Ahmad Dar, living on top of a Karewa in the Kanidajan area of Budgam was glued to his mobile phone disseminating the statement of Lt Governor Manoj Sinha that poor people with small patches of state land would not be evicted in the ongoing drive to be completed by the end of January 2023.

Sinha's statement, however, didn't bring a smile to Sultan's face as he has been already dispossessed of the three kanal land a week ago on which his grandfather Mohiuddin Dar in 1959 had started growing apple trees, an orchard which now is the family's main source of income.

While Sultan watched the LG speak in one corner of Jammu and Kashmir, it was another man, Naresh Singh in Jammu's Kathua, who also stood and watched in coldness the speech which might have saved his four kanal piece of land, only if the statement had come earlier. His family had been sowing rice on the land for close to a decade now.

While the LG spoke on the government's intent to only go after the "big fish", who have since 1947 "usurped" the state land using their power and position, the Srinagar district administration's encroachment list also put the four odd kanals of the Raj Bhawan in Cheshmashahi under the "encroachment" tab. In summers, the highest seat of power the Bhawan has housed the families of all the Governors and now LG's of Jammu and Kashmir including LG Sinha's.

These patches of land, along with lakhs of other people across Jammu and Kashmir, came into question following Revenue Secretary, Vijay Kumar Bhiduri's circular, which sets out a daily 4 pm deadline for revenue officers at the divisional and district level to update the government at on day's evictions details.

In districts, the Deputy Commissioners have set out their own targets for the Tehsildars. Credit goes to the revenue officials across Jammu and Kashmir who have literally mapped every inch of the erstwhile state and offered fraction-wise details of the current status of the land resource. They have located every single unauthorised construction or possession, including that of the government itself. Interestingly, the UN office in Srinagar is also an encroachment. This voluminous data is going to be a huge digital resource for future use or abuse.

The fulfilment of daily set targets is visible on the ground where the locals are also seen resisting the officials who have come to evict them.

In the Payer village of Pulwama, scenes of people physically stopping officials, who are cutting their trees, have come to the fore. These subordinate officials on the ground are walking an extra mile in the line of duty, to implement the orders.

"We are following the orders from the top. We too live in the same district but are helpless. Seniors would initiate action," a lower-rung Revenue department official said.. "Where will we plead our case in these times."

The retracting statement of Bidhuri's that only commercial land is being retrieved from encroachers coupled with LG's assurances have fallen flat on the ground as the Revenue officials across Jammu and Kashmir are evicting all.

Excluding Poor?

The J&K Bharatiya Janata Party Chief Ravinder Raina, whose party represents the Reasi district in the Lok Sabha, said that the people with less than 4 kanals of state land wouldn't be troubled.

However, in Kalimasta village of Gool Gulabgarh in Reasi district, Ghulam Mohammad Chopan's mountainous single-storey house with just two kanals of land around it has been declared as state land.

The officials, he said, came and wrote on a big stone at the border of "his piece of land" that it belonged to the state. "This land only fetched me vegetables and some fruit along with maize. The family survived on it. We couldn't produce enough to sell."

Chopans have been living on the land for over a century now. No subsequent government has troubled them. "People only remember us when they need votes," Chopan said. "Officials seldom come here when we need any service. Today, they have come but only to make our lives more miserable."

In Boniyar in north Kashmir's Baramulla district, the Executive Magistrate 1st Class issued a warning to the people stating: "If any person fails to remove the encroachment, the department would swing into action and people have to pay the charges of the same." Similar warning circulars have been issued in other districts too.

The land of Sultan, Singh and Chopan is registered as state land in revenue records, but under the laws applicable before August 5, 2019, when the state's special status was watered down, the family had rights to cultivate it.

Land Distribution

A revenue settlement during the last Dogra ruler Hari Singh’s time was recorded as Shri Sarkar Dulatmandar meaning ‘our government is wealthy and rich’ as it has enough land and can utilise it for common purposes of its citizens.

This laid the foundation, if not the relief, for the common masses who after the 1950s Land to Tiller started reaping the benefits.

In 1947, Jammu and Kashmir was dominated by landlords who were around 13,000 in number.

Out of them, 396 were the biggest landlords, called jagirdars, to whom were alienated the land and other revenues. The area assigned to them was called jagir. The jagirdars were not owners of the land; they were, however, owners of the revenue of the areas assigned to them. Along with the alienation of land revenue, the state also transferred the people of the jagir to the control of the jagirdar.

The remaining 9000 landlords were owners of the land known as called chakdars, and the land owned by them was known as chak. All the villages suffixed Chak in their names were the Chak lands of yore. Besides the jagirdars and chakdars, there was also a class of cash grantees called mukarares, numbering 2,347. The number of landless peasants (called kashtkars) was around 300,000. Apart from this, 250,000 peasants cultivated a part of the land while the ownership rested with the jagirdars, maufidars chakdars.

It was these jagirdaris and chakdaris that the Jammu and Kashmir government ended from 1948 to 1950.

However, the land inherited by the State of Jammu and Kashmir from the Dogra Maharaja, whose family had bought the Kashmir valley from British under the infamous Treaty of Amritsar in 1846, became the property of the new government. The land came to be known as State land (Khalisa Sarkar, Nuzool and Shamilat), and Khacharie (Grazing land).

However, following the partition and subsequent accession of Jammu and Kashmir with the union of India, Evacuee property also became the property of the government of Jammu and Kashmir.

In the years leading up to ousting of the Dogra rule in Jammu and Kashmir and then partition’s migrations, the Evacuee property was encroached on in Jammu’s Kathua, Samba, Jammu, Udhampur and Rajouri districts.

In the succeeding years, the government under JK Evacuees (Administration) of Property Act came out with Order 578-C of 1954 read with order no 371 of 1971 declaring that 85 lakh kanals of evacuee land illegally occupied in the districts of Jammu, Udhampur, Kathua, Samba and Rajouri will not be disturbed and occupants thereof instead declared as local allottees, without any liability towards payment of rent let alone the premium.

Like evacuee land, state land too had been encroached upon by common peasants, who were still not completely out of the clutches of landlords to whom they were paying rent.

The state land encroached upon by the common masses was again given away by the government to poor people twice. Under LB-6 and LB-7 both dated 05.06.1958 and S-432 of 1967 the illegal occupants of state land were conferred initially with the rights of tenants-at-will followed by a grant of ownership rights.

Similarly, farmers took possession of state land and khacharie land under the agrarian reforms of 1950 and 1976, and a "Grow More Food Policy" under which cultivable wasteland was allotted to landless peasants with partial rights.

The Grow More Food Policy was introduced by the government to counter famines and fight the scarcity of food. The farmers were lured by the government of the time to cultivate the state land and use Khacharie land for grazing their cattle.

"The government back then and also the subsequent one's assured our family that land wouldn't be taken back but we were informed that we can't sell the land. We never thought of it as our property but as a means of earning a livelihood," Naresh Singh of Kathua said, adding that when the government can't provide them jobs then why was it taking away their source of sustenance?

It is these promises of not ejecting people by the State of Jammu and Kashmir that are being undone in the current eviction drive.

The drive has the flip side too.

Former Law Secretary Muhammad Ashraf Mir said legally the land being taken away from the encroachers in the current drive is valid. "It is an issue where a humanitarian and compassionate view needs to be taken by the government. They aren't bound by law," he said.

The West Pakistan Refugees, who struggled for citizenship of Jammu and Kashmir since 1947, were elated on August 5, 2019, but now they too have been served notices by the government that the land held by them for cultivation is the state's property. They have been asked not to cultivate the land after this season's crop is harvested.

While the pathway for the current drive opened on August 5, 2019, the changes in land laws were affected a year later.

Changed Laws

In October 2020, the Jammu and Kashmir Reorganisation (Adaptation of Central Laws) Third Order and the Jammu and Kashmir Reorganisation (Adaptation of State Laws) Fifth Order, 2020, repealed 12 land laws that provided safeguards to farming communities.

Among them was the historic Big Land Estate Abolition Act 1950 (informally known as land to tiller), which paved the way for rural prosperity in the former state.

The erstwhile Land to Tiller placed a ceiling of maximum of 22.75 acres on land holdings. Land that surpassed this limit was automatically transferred to the tiller, who was not required to pay any compensation to the 'original' owner.

These reforms were first envisioned and articulated in the Naya Kashmir (New Kashmir) Manifesto in 1944 by the National Conference under Shiekh Mohammad Abdullah.

According to research done by Dr Ashish Saxena in Jammu, during the 1950s-70s, out of the total surplus land of 672 kanals mainly taken away from Rajputs and Mahajans, 70.24 per cent was allotted to SC (Scheduled Caste) tenants predominantly Hindus. A radical inter-generational shift in the occupation pattern of the SCs in terms of landless agricultural labourers to land-owning peasants from grandfather's generation (nil) to 47.1 per cent. The reforms also gave land to Muslim peasants in Kashmir where the jagirdaris of Kashmiri pandits and Dogra Hindus were ended.

Another significant law that was repealed in October 2020, was the Jammu and Kashmir Tenancy Act, 1980, which stayed all applications or proceedings relating to ejecting tenants.

The order also did away with the Jammu and Kashmir Common Lands (Regulation) Act, 1956, which regulated the rights of common land such as roads, streets, lanes, pathways, water channels, drains, wells, tanks or any other source of water supply to villagers.

The Jammu and Kashmir Alienation of Land Act, 1938 — a law related to the transfer of agricultural land for non-agricultural purposes —also ceased to operate.

The law that prohibited the conversion of land into orchards and existing orchard land for other uses, without prior government permission, termed the Jammu and Kashmir Prohibition on Conversion of Land and Alienation of Orchards Act, 1975, has also been repealed.

The other Acts that are no longer effective in are the Jammu and Kashmir Consolidation Of Holdings Act, 1962, the Jammu and Kashmir Flood Plain Zones (Regulation and Development) Act, the Jammu and Kashmir Land Improvement Schemes Act, the Jammu and Kashmir Prevention Of Fragmentation Of Agricultural Holdings Act, the Jammu and Kashmir Right Of Prior Purchase, Act, the Jammu and Kashmir Utilisation Of Lands Act and the Jammu and Kashmir Underground Public Utilities (Acquisition Of Rights Of User In Land) Act.

The government has also set up a new body called the J&K Industrial Development Corporation, under the Jammu and Kashmir Industrial Development Act, to speed up industrial development, invite investment, set up industrial units and promote corporate farming. The modified law permits the corporation to acquire land for setting up industrial units.

However, if it is unable to acquire the land by agreement, the government can order proceedings under the Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013. Under this Act, a penalty is issued in case anyone obstructs any person with whom the corporation has entered into a contract.

Following this, JK State Industrial Development Corporation is retrieving 723 kanals of state land for new industrial clusters in the Buddhi area of Kathua which includes Barwal and Jandore villages.

"In adjoining Langate and Govindsar villages, many of the industrial units set up by SIDCO are inoperative. Clearly, the non-local investors are coming here to enjoy government subsidies and incentives," Amrish Jasrotia, a local activist, said.

Also, the land being taken away in the current drive is in use for agriculture and horticulture.

Under the amended Jammu and Kashmir Land Revenue Act in 2020, the definition of agriculture and allied activities have been extended to raising crops including food and non-food crops, fodder or grass, fruits, vegetable, flowers, animal husbandry, dairy, poultry farming, stock breeding, fishery, and agro-processing related activities. The modified law disallows the sale as well as gift or exchange or mortgage of agricultural land to a non-agriculturist.

However, the law has carved out exemptions through which such a transfer can be permitted. A newly-formed revenue board will notify the detailed procedure, prescribe a form and fix the fee for conversion of agriculture to non-agricultural purposes.

The government can allow the transfer of agricultural land in favour of an eligible public trust established for charitable purposes and which is non-profitable in nature as well as for education and healthcare services.

It can also, via notification, allow the transfer of land to a person, institution or corporation, for industrial or commercial or housing purposes or agricultural purposes meant for the development of the UT. Non-agriculturists who have had the land transferred to them and intend to use it for non-agricultural purposes are required to now do so within five years.

Roshni Land

While lakhs of people encroached on the state and khacharie lands post the despotic rule, the legislature of Jammu and Kashmir in 2001 passed the Jammu and Kashmir State Land (Vesting of Ownership to the Occupants) Act 2001 which came to be known as the Roshni Act and more recently as the Roshni scam.

The law paved the way for transferring ownership of state land to its occupants for a fee with the objective of earning revenue to finance power projects.

The law was a result of the Farooq Abdullah government's failure to manage the financial closure of the ambitious Baglihar power project forcing the government to think of ideas that can generate capital locally. The Farooq-led government in 2001 decided to hand over rights to people occupying the state land in lieu of market costs. The capital would fund the power projects. The Roshni scheme continued and people started paying for the lands they held. In 2005, however, Ghulam Nabi Azad-led government decided to vest proprietary rights to anyone holding state land but without paying anything. In order to appease the land grabbers, Azad government made it mandatory for revenue officials to deliver the ownership papers on these lands to the people at their homes. It devoured the purpose from the scheme and reduced it to a historic racket. Comptroller and Auditor General did a scathing report on the scandal and eventually, in a series of petitions, the High Court found it to be in non-consonance with the principles of a fair law leading to the Act being declared null and void.

Subsequently, the revenue officials were directed to delete mutations in records done under the Roshni Act. The names of common people were deleted from revenue records and the land's title again changed to state land.

Retrieving the encroached land started soon after the collapse of BJPDP government and the subsequent days witnessed the eviction drives taking place with vigour and consistency. In January 2022, the administration claimed to have retrieved 46,487.6 acres of state land, 13,814.4 acres of kacharai (grazing land), and 164.2 acres of common land from alleged encroachers across Jammu and Kashmir. The matter went to the Supreme Court, which stayed the evictions of former Roshni Act landholders. The government had also filed a review petition along with 70 other individual petitions.

Last year, the government through its Solicitor General informed the Apex Court that no “coercive” action would be taken against Roshni Act landholders till the court passes directions.

However, with vacations currently underway in court, the eviction drive was started targeting all the state land including Roshni and Khacharie lands. The petitioners filed a special leave petition in which the court didn’t stay the evictions but asked the UT counsel to verbally direct the administration to not demolish houses and also not disturb the Roshni Act landholders till the next hearing on January 31.

Retired Justice Muzafar Iqbal Khan, a petitioner in the Roshni case said that while a law passed by an assembly was declared null and void by a governor who had no authority, the government has been silent on paying back money to the people who got land regularised.

Cascading Effect

While the debates around legality and compassion rage on, Farooq Ahmad Ganie in the Rampora Rajpora area of Baramulla is worried about the financial loss he would have to bear after the three-kanal land has been taken away from his possession.

The land, part Khacharie and part state land, majorly housed hundreds of walnut trees he had sown which fetched him around Rs 7-8 lakhs every season.

Like Ganie, the majority of state and Khacharie landholders had employed the land for agriculture and horticulture, the mainstay of the Jammu and Kashmir economy.

With an estimated 30 lakh kanals of land being retrieved from the people, the Gross State Domestic Produce of Jammu and Kashmir is going to take a serious hit. Agriculture, interestingly, after remained stagnant for many years has started falling down as a contributor to GSDP.

Experts believe that the per capita income of Jammu and Kashmir is also going to be hit badly in the already volatile times kick-started by the August 5 and Covid-19-induced lockdowns.

Former J&K finance minister Haseeb Drabu in one of his write-ups post August 5, argues that the fact underlying Jammu and Kashmir’s better-than-national average human development indicators is that along with the land reforms, there was a massive debt write-off undertaken over a period of twenty years between 1951 and 1973. It is because of this that the incidence of indebtedness in Jammu and Kashmir is at the second lowest. Landless labour in the state is nearly absent and land ownership translating into economic empowerment has led to more than 25 per cent of the household earnings in Jammu and Kashmir coming from own cultivation. As a result, the incidence of poverty in the state is remarkably low with households living below the poverty line at 10 per cent against the all-India average of 22 per cent.

Reactions

National Conference vice president and former chief minister Omar Abdullah said that the government is trying to hide its failures under the pretext of land retrieval order, insisting the situation is going bad to worse with each passing day. “The retrieval of the land of Roshni scheme amounts to betrayal.”

Peoples Conference president Sajad Lone said the idea of retrieving state land in a rural setting is “dangerous”. Lone said that the administration cannot make people homeless and “when will these insane experiments backed by ugly muscularity end”. He added: “Occupation of State land in villages by inhabitants of a particular village is a generational practice and an irreversible reality. This practice is prevalent in the rest of the country. A sizeable percentage of the population is involved. You can’t make them homeless.”

While BJP President Ravinder Raina said the drive is a good step against land grabbers, his party colleague Yudhvir Sethi went all guns blazing against the government saying that they would hit roads and not allow the officials anywhere near the people’s lands.

The Democratic Progressive Azad Party, Jammu and Kashmir Apni Party and the Peoples Democratic Party have already hit the roads in protest along with protest marches by locals at a few places.

PDP President and former chief minister Mehbooba Mufti said, “Laws are created for the welfare of the public, but in Jammu and Kashmir they are weaponised to dis-empower, humiliate and punish. This latest diktat was issued because despite the government of India misusing all the agencies at its disposal & unleashing draconian laws, aren’t getting the desired results,” she said. “The collective punishment & humiliation is this government’s way of keeping people of J&K on tenterhooks & fighting for mere survival so that they don’t have the energy to fight the onslaught against their identity.”

The District Development Council Ramban unanimously adopted a resolution to oppose the administration’s order to vacate “occupants” from the state land.

The resolution passed unanimously, appealed to the LG to issue directions to the concerned authorities for preventing any adverse action which is detrimental to the farmers/landless people residing in villages and are wholly and solely dependent on the state land which they were occupying for decades.

The DDC members, in their resolution, said, “Simply branding the occupants as land grabbers is not only unjustified but misleading as well. The historical aspect needs to be taken into consideration while deciding about such sensitive issues upon which the people have built the whole edifice of their lives and spent their hard-earned money over the years in constructing a shelter for their families.”

“The admin must prevent revenue authorities from demolishing or damaging all kinds of properties mentioned above. Also frame a policy to give ownerships to such occupants by charging reasonable amount depending upon the paying capacity,” reads the resolution. https://kashmirlife.net/landlock-vol-14-issue-43-308952/

3. जम्मू-कश्मीर रोशनी जमीन घोटाला: अतिक्रमण हटाने के नोटिफिकेशन को चुनौती देने वाली याचिका पर SC का सुनवाई से इनकार *(ndtv.in)* January 31, 2023

सुप्रीम कोर्ट ने केंद्र शासित राज्य जम्मू-कश्मीर में जिसमें रोशनी भूमि और कचहरी भूमि समेत सारी भूमि से 31 जनवरी तक अतिक्रमण हटाने के नोटिफिकेशन को चुनौती देने के मामले में सुनवाई से इनकार कर दिया है. कोर्ट ने कहा कि अगर हम आपको राहत देते हैं, तो इसका असर पूरे जम्मू कश्मीर पर पड़ेगा. इसके लाभार्थी बिग शॉट हैं. हम मामले में सुनवाई के इच्छुक नहीं हैं. ऐसे में याचिकाकर्ता ने याचिका को सुप्रीम कोर्ट से वापस ले लिया.

जम्मू कश्मीर प्रशासन ने कहा कि याचिकाकर्ता रोशनी एक्ट के तहत स्वामित्व की बात कह रहा है, लेकिन इसको पहले ही खत्म किया जा चुका है. यह किसी छोटी ज़मीन के स्वामित्व का मामला नहीं है. इसके पास बड़ी ज़मीन का स्वामित्व है. वहीं, याचिकाकर्ता ने कहा कि हमने वाणिज्यिक भूमि की दर से पूरी रकम अदा की है. हमारे स्वामित्व का अधिकार सुरक्षित था. 20 जनवरी को सुप्रीम कोर्ट ने जम्मू-कश्मीर सरकार द्वारा जारी उस सर्कुलर पर रोक लगाने से इनकार कर दिया था, जिसमें उपायुक्तों को 31 जनवरी, 2023 तक रोशनी भूमि और कचहरी भूमि सहित राज्य भूमि पर अतिक्रमण हटाने का निर्देश दिया गया था.

जस्टिस एमआर शाह और जस्टिस सीटी रविकुमार की पीठ ने हालांकि, कोई लिखित आदेश पारित करने पर अपनी अनिच्छा व्यक्त की, लेकिन मौखिक तौर पर केंद्र शासित प्रदेश से यह जरूर कहा था कि फिलहाल किसी भी घर को ना गिराया जाए. पीठ ने जम्मू-कश्मीर के वकील से कहा था कि हम आज कोई आदेश पारित नहीं कर रहे हैं. आप अथॉरिटी को मौखिक रूप से किसी भी घर को नहीं गिराने का निर्देश दें. हम सामान्य तरीके से रोक नहीं लगाएंगे. दूसरों को फायदा नहीं मिलना चाहिए.

सुनवाई के दौरान, याचिकाकर्ता के वकील ने तर्क दिया था कि कई आदिवासी भूमि पर निवास कर रहे हैं और राहत के लिए अदालत का सहारा लिया है. जस्टिस शाह ने पूछा था कि अगर स्टे दिया जाता है, तो इससे जमीन हड़पने वालों को भी फायदा होगा? केंद्र शासित प्रदेश की ओर से पेश वकील ने स्पष्ट किया कि सर्कुलर मुख्य रूप से रोशनी भूमि पर केंद्रित है. उन्होंने आवेदकों की मंशा पर भी सवाल उठाए. उन्होंने कहा कि कल मुझे आवेदन दिया गया था. इसमें यह भी उल्लेख नहीं है कि आवेदक वहां रहते हैं. उक्त भूमि में केवल दुकानें और प्रतिष्ठान हैं.

जम्मू-कश्मीर और लद्दाख हाईकोर्ट के रोशनी अधिनियम के फैसले को चुनौती देने वाली कई पुनर्विचार याचिकाओं के लंबित होने के दौरान, जम्मू और कश्मीर सरकार ने 9 जनवरी को

सभी उपायुक्तों को 31 जनवरी, 2023 तक ऐसी भूमि पर अतिक्रमण हटाने का निर्देश दिया था. निवासियों से कहा गया था कि वे या तो अपनी ओर से इमारतों को गिरा दें कर दें या तोड़फोड़ के लिए खर्च वहन करें. 11 अक्तूबर 2022 को जम्मू और कश्मीर हाईकोर्ट ने कहा था कि रोशनी अधिनियम असंवैधानिक है और इसके तहत किए गए सभी कार्य इसमें शामिल हैं. हाईकोर्ट ने माना था कि जम्मू और कश्मीर राज्य भूमि (कब्जाधारकों के लिए स्वामित्व का अधिकार) अधिनियम, 2001 पूरी तरह से असंवैधानिक है और इसके तहत किए गए सभी कार्य या संशोधन असंवैधानिक और शून्य हैं.

दरअसस, जम्मू-कश्मीर राज्य भूमि अधिनियम, 2001 को तत्कालीन फारूक अब्दुल्ला सरकार ने जल विद्युत परियोजनाओं के लिए फंड एकत्रित करने के उद्देश्य से बनाया था. इस कानून को 'रोशनी' नाम दिया गया था. इसके अनुसार, भूमि का मालिकाना हक उसके अनधिकृत कब्जेदारों को इस शर्त पर दिया जाना था कि वे बाजार भाव पर सरकार को भूमि की कीमत का भुगतान करेंगे. इसके लिए कटऑफ मूल्य 1990 की गाइडलाइन के अनुसार तय किए गए थे. शुरुआत में सरकारी जमीन पर कब्जा करने वाले किसानों को कृषि के लिए मालिकाना हक दिया गया. हालांकि, इस अधिनियम में दो बार संशोधन किए गए, जो मुफ्ती मोहम्मद सईद और गुलाम नबी आजाद की सरकार के कार्यकाल में हुए. उस दौरान कटऑफ मूल्य पहले 2004 और बाद में 2007 के हिसाब से कर दिए गए. 2014 में सीएजी की रिपोर्ट आई, जिसमें खुलासा हुआ कि 2007 से 2013 के बीच जमीन ट्रांसफर करने के मामले में गड़बड़ी हुई. https://ndtv.in/india/jammu-kashmir-roshni-land-scam-supreme-court-refuses-to-hear-plea-challenging-eviction-notification-3738751

4. Fund fraud case: Local self-government department records statement of officials of Industries dept *(keralakaumudi.com)* January 31, 2023

THIRUVANANTHAPURAM: After the CAG report threw light on the major fraud in the scheme to find livelihoods for unemployed women, the local self-government department strengthened its investigation. The team led by the performance audit officer of the local department summoned and recorded statements of two enforcement officers of the Industries Department. The Thiruvananthapuram Corporation recommended to the Director of Industries for departmental action against the Industrial Extension Officer.

Three days after Kerala Kaumudi brought out the CAG report, the corporation came out yesterday with an explanation of washing its hands in the matter.This comes in the wake of the state government strengthening the investigation into the matter under the leadership of the state performance officer.The corporation stated that the process of handing over the case to vigilance under the Prevention of Corruption Act is in progress.

The Corporation explains that the Industrial Extension Officer spent Rs 7.04 crore on 28 projects in a financial year through the Corporation. How officer is present only two days a week. This officer singlehandedly carried out the verification of documents provided by applicants, corresponde banks and field inspection. Due to insufficient staff, it was not possible to deal with more than 2500 applications received from 100 wards regard enforcement. During the Covid period, it was not possible to call and inspect all the applicants directly. The Corporation, which said that it has sou explanation from this official for the lapse, added that it directed the Industries director to take departmental action against him. https://keralakaumudi.com/en/news/news.php?id=997671&u=fund-fraud-case-local-self-government-department-records-statement-of-officials-of-industries-dept

SELECTED NEWS ITEMS/ARTICLES FOR READING

5. India to remain fastest growing economy in the world despite global slowdown: IMF *(livemint.com)* January 31, 2023

The International Monetary Fund (IMF) has said that it is expecting some slowdown in the Indian economy next fiscal year and projected the growth to 6.1 percent from 6.8 percent during the current fiscal ending March 31.

"Growth in India is set to decline from 6.8 percent in 2022 to 6.1 percent in 2023 before picking up to 6.8 percent in 2024, with resilient domestic demand despite external headwinds," said the IMF's World Economic Outlook update.

"Our growth projections actually for India are unchanged from our October Outlook. We have 6.8 percent growth for this current fiscal year, which runs until March, and then we're expecting some slowdown to 6.1 percent in fiscal year 2023. And that is largely driven by external factors," Pierre-Olivier Gourinchas, Chief Economist and Director, Research Department of the IMF told reporters in Washington.

The IMF on Tuesday released the January update of its World Economic Outlook, according to which the global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024.

According to the World Economic Outlook update released by the IMF on Tuesday, about 84 percent of countries are expected to have lower headline (consumer price index) inflation in 2023 than in 2022.

Global inflation is set to fall from 8.8 percent in 2022 (annual average) to 6.6 percent in 2023 and 4.3 percent in 2024 -- above pre-pandemic (2017–19) levels of about 3.5 percent, it said. https://www.livemint.com/economy/imf-cuts-india-s-gdp-growth-forecast-to-6-1-in-2023-11675133890586.html

6. Indian economy to grow 6.5% next year: Economic Survey *(indianexpress.com)* January 31, 2023

Higher domestic demand and a pick-up in capital investment is expected to help the Indian economy grow 6.5 per cent in real terms in FY24 or 2023-24, the Economic Survey is learnt to have projected. In nominal terms, the GDP growth rate is expected to be around 11 per cent, suggesting an average annual inflation during the next financial year to be 4.5 per cent.

The Economic Survey 2022-23, scheduled to be tabled in Parliament by Union Finance Minister Nirmala Sitharaman Tuesday morning, has also likely projected the growth rate for the current financial year, i.e., 2022-23, at 7 per cent. This is higher than the 6.8 per cent growth forecast of the Reserve Bank of India in its December 7, 2022, monetary policy.

Sources said a 7 per cent growth in 2022-23 for India is higher than that for most major global economies and is even slightly above than the average growth rate for the Indian economy in the decade leading up to the pandemic.

Sources said the higher growth comes despite the three shocks of Covid-19, Russian-Ukraine conflict, synchronised monetary policy tightening by most central banks leading to dollar appreciation and a widening current account deficit for net importing countries like India.

In 2021-22, the economy had posted a growth rate of 8.7 per cent.

The Survey, sources said, however cautioned about the persisting challenge of the depreciating rupee due to further rate hikes by the US Federal Reserve. This will come along with a higher current account deficit with commodity prices remaining elevated, and India's growth momentum remaining strong.

Elaborating on its concerns, the Economic Survey said risks to the current account balance come from multiple sources – global commodity prices remaining above pre-conflict levels and higher import bill due to buoyant growth prospects amidst high commodity prices. This may be exacerbated due to slowing global demand, and hence a plateauing of exports from India.

The other worry is about inflation remaining entrenched for longer than expected. This may prolong the monetary tightening cycle of the RBI, and borrowing costs may remain higher for longer. https://indianexpress.com/article/business/indian-economy-to-grow-6-5-next-year-economic-survey-8414358/

7. Food & fertiliser subsidies to cross a record Rs 5.21 trn in FY23 *(financialexpress.com)* January 31, 2023

The government's food and fertiliser subsidy expenses in the current fiscal are estimated at Rs 5.21 trillion, an all-time high, as per the official sources. While food subsidy expenses would be around Rs 2.76 trillion in FY23, the subsidies incurred because of supplying highly subsidised soil nutrients to farmers in the current year are estimated at Rs 2.45 trillion.

Sources told FE that due to a softening of global fertilsers prices in the recent months and discontinuation of Pradhan Mantri Garib Kalyana Anna Yojana (PMGKAY) or free ration scheme, the subsidies outgo next fiscal could decline by around 20% on year to Rs 4.1 trillion.

The previous annual record of actual expenses on these two major explicit subsidies was Rs 4.48 trillion incurred in 2021-22; the food subsidy bill alone was budgeted at Rs 5.41 trillion in 2020-21, but that Rs 3.4 trillion of it was on a account of repayment of off-budget NSSF loans pertaining to previous years.

The government's food subsidy expenses in the current fiscal is now estimated 34% higher than the outlay made at the beginning of the year (budget estimate). This includes the expenditure of Rs 1.03 trillion towards running PMGKAY during April-December, 2022.

Out of the total food subsidy, the Food Corporation of India (FCI) is expected to incur expenses of Rs 1.95 trillion in the current fiscal while the rest of the expenses would be by states those who follow decenctralised procurement system.

The estimated fertiliser subsidies for the current year is estimated at a record Rs 2.45 trillion mainly because of a spike in global prices of soil nutrients in the wake of the Russia-Ukraine conflict.

It would be the third year in a row that the annual Budget spending on fertiliser would be above Rs 1 trillion mark, against a lower range of Rs 70,000- 80,000 crore in the past few years.

The country imports about half of its requirement of di-ammonium phosphate (DAP) and 25% of urea consumption. The domestic muriate of potash (MoP) demand is met solely through imports (from Belarus, Canada and Jordan, etc). The fertilisers are provided to farmers at highly subsidised rates.

Fertiliser ministry sources said that prices of soil nutrients have declined in the recent months. Recently Arun Singhal, secretary, department of fertilisers had stated that there is a likelihood of softening of global prices of fertilisers further. Stating that future volatility in global prices could not be predicted, he said that future course of Russia and Ukraine conflict would have an impact on the global price movements of soil nutrients.

Rating agency ICRA has pegged fertiliser subsidy at Rs 2 trillion in next financial year.

“The availability of fertiliser in international markets have improved, and the prices have also started to correct, which is a good sign for the domestic fertiliser industry as India imports a sizeable portion of key raw materials as well as finished fertilisers (almost 25-28% of finished fertilisers are imported),” Sabyasachi Majumdar, Group Head & Senior Vice President, Corporate Ratings, ICRA Limited, said.

Last month, the cabinet decided to provide around 48 million tonnes of rice and wheat annually under National Food Security Act free-of-cost to the 813 million beneficiaries during 2023 while it decided against extending the PMGKAY or free ration scheme beyond December 31, 2022.

The estimated economic cost of food grains procurement by the FCI, which includes expenses such as Minimum Support Price payment to farmers, procurement, acquisition and distribution costs, etc for rice and wheat are Rs 3,670.04 and Rs 2,588.70 per quintal, respectively, in 2022-23. https://www.financialexpress.com/economy/food-amp-fertiliser-subsidies-to-cross-a-record-rs-5-21-trn-in-fy23/2964853/

8. Indian farm sector performed well, but needs re-orientation: Eco Survey *(economictimes.indiatimes.com)* Jan 31, 2023

Indian agriculture has performed well but the sector needs "re-orientation" in the backdrop of certain challenges like adverse impacts of climate change, rising input cost, etc, the Economic Survey for 2022-23 tabled in Parliament on Tuesday said. The other challenges are fragmented landholdings, sub-optimal farm mechanisation, low productivity, disguised unemployment, rising input costs, etc.

"While Indian agriculture has performed well, the sector needs re-orientation in the backdrop of certain challenges...," it said.

Stating that the performance of the agriculture sector remains critical to growth and employment in the country, the Survey said investment in the sector must be encouraged through an affordable, timely and inclusive approach to credit delivery.

It may be noted that more than 75 per cent of rural female workers are employed in the agriculture sector. This implies a need to upskill and create employment for women in agriculture-related sectors such as food processing.

"Here, the self-help groups (SHGs) can play a crucial role in shaping rural women's potential into concrete developmental outcomes of financial inclusion, livelihood diversification, and skill development," the Survey said.

According to the Survey, the agriculture sector has grown at an average annual growth rate of 4.6 per cent during the last six years. It grew by 3 per cent in 2021-22 compared to 3.3 per cent in 2020-21.

In recent years, India has also rapidly emerged as the net exporter of agricultural products. During 2021-22, agricultural exports reached an all-time high of USD 50.2 billion.

The Survey said this growth is partly attributable to good monsoon years and partly to the various reforms undertaken by the government to enhance agricultural productivity.

Policies such as Soil Health Cards, the Micro Irrigation Fund, and organic and natural farming have helped the farmers optimise resource use and reduce the cultivation cost. The promotion of Farmer Producer Organisations (FPOs) and the National Agriculture Market (e-NAM) extension platform have empowered farmers, enhanced their resources, and enabled them to get good returns.

AgriInfrastructure Fund (AIF) has supported the creation of various agriculture infrastructures. Kisan Rail exclusively caters to the movement of perishable agri-horti commodities. The Cluster Development Programme (CDP) has promoted integrated and market-led development for horticulture clusters.

Support for creating a startup ecosystem in agriculture and allied sectors is also being provided to the farmers.

All these measures are directed towards supporting the growth in agricultural productivity and sustaining its contribution to overall economic growth in the medium term, the Survey added. https://economictimes.indiatimes.com/news/economy/agriculture/indian-farm-sector-performed-well-but-needs-re-orientation-eco-survey/articleshow/97488181.cms

9. Budget 2023: Prioritising defence and innovation *(cnbctv18.com)* Jan 31, 2023

India's defence exports can get an added boost through rationalisation of duties, and the goods and services tax (GST). Though these exports have increased eightfold from 1,521 million in

2016-17 to 12,815 million in 2021-22, a rationalisation of duties and GST can give a further boost to the industry.

Globally, countries are reeling with economic shocks. Comparatively, India has fared well with World Bank stating that the country is better positioned to manage global headwinds. In the defence and strategic sector, the increases in defence budget from last year has hopes up. And with continuing tensions at the border and uncertainty due to Ukraine Russia War, a focus on defence sector is expected. As the defence and aerospace sector continues to take flight, the industry will anticipate PM Modi's last full budget of the term to give a final push to self-reliance, innovation, and defence exports.

Emboldening atmanirbharta in defence

The Atmanirbhar Bharat or self-reliance agenda in defence is likely to continue through expenditure and domestic procurement. The last budget saw the largest allocation amongst ministries towards the Ministry of Defence (MoD), with 13.3 percent of the expenditure of the central government earmarked for the MoD. The last budget also included an increase of almost 10 percent over its predecessor for defence allocations. Increases in capital allocation for the defence budget are likely to continue, though the quantum may not be as large as last time.

Much of these allocations may be utilised to propel indigenisation efforts and procure from the domestic industry. Also, those following the defence sector will be on the lookout for any announcements related to further positive indigenisation plans. Till now, the Modi government has released four positive indigenisation lists covering over 400 defence items for procurement exclusively from the domestic industry.

Boosting exports

India's defence exports can get an added boost through rationalisation of duties, and the goods and services tax (GST). India's defence exports have increased eightfold from 1,521 million in 2016-17 to 12,815 million in 2021-22. Importantly, whereas previously exports were driven mostly by the defence public sector enterprises, today most of the exports are led by the private sector. Rationalisation of duties and GST can give a fillip to the industry. To promote transfer of technology (ToT) in the defence sector, along with the existing higher multiples for ToT, the government should also seriously consider GST exemptions for strategic components and technologies that are used in platforms for domestic use and outbound exports.

With the notification of the fund management guidelines at GIFT City, a public-private alternative investment fund for acquiring niche and emerging technologies from abroad should also be considered.

Fostering defence innovation and manufacturing

Defence innovation and manufacturing should be strengthened through expansion of production linked incentives (PLI), research and development, continuing old incentives, and offering new sops. The Modi government has announced 14 PLI schemes, with PLI most recently extended to the drone sector. Industry hopes that the PLI will be expanded to other strategic sectors within defence manufacturing. The lower corporate tax rate of 15 percent for new manufacturing units is due to expire in March 2024, an extension in the same is also expected which will benefit manufacturing units including those related to defence and aerospace.

Additionally, new sops to incentivise defence and aerospace manufacturing are likely for these sunrise sectors. The Modi government opened the space sector to private players in 2020. Industry hopes for further reforms and liberalisation with regulatory clarity on issues surrounding insurance and liability, intellectual property rights, certifications, and standardizations. The government's budget often includes reforms to decriminalise small offences and ease licensing requirements – a trend one hopes continues in the 2023 budget and which will benefit the defence industry at large.

The innovations for Defence Excellence or iDEX innovation challenge program of the MoD has shown much success and recently announced challenges in the space sector. It is hoped that allocations for iDEX are increased so more startups can benefit.

R&D to be key
The defence budget will be amiss without addressing research and development (R&D). Although the previous budget allocated 25 percent for private R&D, through DRDO and the MoD will continue to be critical. With recent successes in the drone industry, sonars, radars, and fourth generation aircraft, the MoD can prioritise R&D on critical and strategic technology areas like hypersonic, electronic warfare, edge computing, cybersecurity, and more.

A sharp focus on R&D will yield most benefits for modernisation and indigenisation. The Modi government's last budget of the term arrives at a time when global headwinds are pushing it towards fiscal consolidation, and the upcoming state and central elections are making populist and welfare measures attractive. Notwithstanding the pressures, how Modi government prioritises the needs of national security and stakeholders in this sunrise industry will be worth watching. https://www.cnbctv18.com/views/budget-2023-prioritising-defence-and-innovation-15806061.htm

10. Economic Survey 2023 reiterates National Monetisation Pipeline target at 1.6 lakh crore but with a disclaimer *(moneycontrol.com)* January 31, 2023

The Economic Survey of 2022-23 tabled on January 31 reiterated the government's target to raise Rs 1.6 lakh crore during the current fiscal under the National Monetisation Pipeline (NMP). However, there is a disclaimer that this is only an indicative figure and the actual number may differ due to various factors.

While the centre met its NMP target in its first year in 2021-22, it may miss the goal in FY23 by a significant margin, according to sector experts. Sectors like railways, telecom and petroleum may slip, they said.

NMP's second year, ie FY23's target is projected at Rs 1.6 lakh crore (27 percent of the overall NMP target) under Core-Asset Monetisation. This is an indicative value while the actual realisation for public assets may differ depending on the timing, transaction structuring, investor interest, etc, the survey document stated on January 31.

On August 23, 2021, the government announced the NMP with the aim to monetise existing infrastructure assets to raise funds to finance future projects. The ambitious plan sought to lure private sector investment in infrastructure that had low project execution risk to bridge the gap between the need and availability of capex-intensive infrastructure sector.

Nirmala Sitharaman tables Economic Survey 2022-23; here are the key highlights Nirmala Sitharaman tables Economic Survey 2022-23; here are the key highlights

The estimated aggregate monetisation potential under NMP is Rs 6 lakh crore through core assets of the Central Government, over a four-year period, from FY20-25.

"It is expected that private players would operate and maintain the assets. The NMP provides an opportunity for deleveraging balance sheets and providing fiscal space for investment in new infrastructure assets." the survey said.

In 2021-22, against the monetisation target of Rs 0.9 lakh crore, the government raised Rs 0.97 lakh crore driven by roads, power, coal and mines sectors.

All eyes would be on Finance Minister Nirmala Sitharaman on February 1 when she presents the Union Budget for 2023-24 for updates on NMP given that the funds received from this may play a critical role in infrastructure development in the country.

"Pursuant to the notification of the National Monetisation pipeline in 2020, monetisation of operating infrastructure assets is poised to pick up the additional pace with activities in new sectors, such as railways, airports, and at the state level with three to four states set to join the initiative. To enable effective management of the proceeds from asset monetisation and using them.

To further the cause, the government may consider setting up specific funds both at the national and state/regional level," said Arindam Guha, Partner and Government and Public Services Leader, Delloite India, in a pre-budget expectation note.

Guha suggested that the mandate of these funds can be to: (a) provide a dedicated corpus for infrastructure investment, which is not diverted to other areas of government spending, (b) ensure a reasonable return on the corpus through effective deployment in new infrastructure projects and money market operations of short-term surplus resources, (c) use equity capital to raise loans, which can add to the corpus, and (d) mobilise extra-government/budgetary resources from private and not-for-profit sectors. https://www.moneycontrol.com/news/business/budget/economic-survey-2023-reiterates-national-monetisation-pipeline-target-at-1-6-lakh-crore-but-with-a-disclaimer-9970831.html

11. Economic Survey 2023: Projects worth Rs 108 trillion at different stages of implementation under NIP *(moneycontrol.com)* January 31, 2023

Under the National Infrastructure Pipeline (NIP), projects worth Rs 108 trillion are currently at different stages of implementation, according to the Economic Survey 2023 document tabled on January 31.

Introduced in 2019, NIP has a projected investment of around Rs 111 trillion for FY20-25 for developing a comprehensive view of infrastructure development in the country. At the time of its launch, NIP consisted of 6,835 projects. It has now expanded to over 9,000 projects across 35 sub-sectors and covers economic and social infrastructure projects jointly funded by the Central Government, State Governments, and the private sector.

The Economic Survey document tabled on Tuesday (January 31) noted, of these, 8,964 projects were under the different stages of implementation. More than half of these belong to the transportation sector, while the rest belong to communication, energy, logistics, social infrastructure, transport, water and sanitation and commercial infrastructure.

The survey document also highlighted the proposal to integrate NIP and the Project Monitoring Group (PMG) portals. NIP is at present hosted on the Invest India Grid (IIG) platform. PMG is an institutional mechanism put in place by the government for the resolution of issues related to large-scale projects.

On completion of the integration, the survey document noted, NIP will become the first entry point (database) for all infrastructure projects worth Rs 100 crore or more. The integration is expected to save substantial time and effort for different ministries and states and union territories, allowing ease for monitoring large infrastructure projects. https://www.moneycontrol.com/news/business/budget/economic-survey-2023-projects-worth-rs108-trillion-at-different-stages-of-implementation-under-nip-9971231.html

12. Financing India's energy transition *(thehindubusinessline.com)* January 30, 2023

In establishing NITI Aayog in 2015 Prime Minister Narendra Modi aligned India with the practice in advanced market democracies, moving from centralised allocation of financial resources to indicative planning.

Under his steady chairmanship, over the last eight years NITI Aayog has evolved a diverse tool kit to implement this changed role both at the Union Government level, and in India's States and UTs.

Within the overall framework of Team India (represented by NITI's Governing Council) and deploying the philosophy of cooperative and competitive federalism, NITI has established several mechanisms. Recent initiatives include the launch of an Aspirational Blocks Programme; and increased capacity to respond to requests from States to modernise their planning ministries within the framework of NITI's State Support Mission.

Across the board, NITI's rules of engagement are to initiate, pilot and monitor, and not to execute, while striving to be a credible resource for all constituents of the Indian Union.

While this apparatus remains a work in progress, it will receive perhaps its most searching test in supporting India through its multi-decade energy transition. Important building blocks of this transition have become clearer since the landmark decision of the Prime Minister in 2015 to commit India to the global decarbonisation effort under the Paris Agreement, further reinforced by India's commitment to net-zero by 2070 at Glasgow in 2021.

The broad elements of India's decarbonisation strategy are now clear: increasing electrification; higher penetration of cleaner fuels in the energy mix; accelerated adoption of energy efficient technologies; rising digitalisation; improved material efficiency, including determined moves toward a circular economy. We have come a considerable distance since 2015. India today stands at number four in the world in installed renewable capacity (after China, US, and Germany).

States' disparities
The energy transition is only one of the many challenges that India needs to address in its journey to becoming a developed nation by 2047, and there is significant disparity across States that needs to be addressed as well. All these challenges will require investment resources, mostly in the public sector although some will also be needed by the private sector. The discussion that follows focuses particularly on those flows that entail an increase in aggregate public sector debt.

The nature of the financing challenge for many emerging markets, India included, has been well summarised in a recent working paper of the Brookings Institution. The paper titled 'Debt, Creditworthiness and Climate', notes that many developing countries have accumulated public debt as an appropriate response to the pandemic.

Under normal circumstances they should slowly be restoring fiscal discipline so as to restore their credit scores. Indeed, this is the default trajectory anticipated under the Fiscal Responsibility and Budget Management legislation at the level of both the Centre and the States.

Citing Lord Stern of the London School of Economics (among others), the Brookings paper argues that the urgency of the climate change challenge (together with the human capital deficit created by the pandemic) creates the need for a major incremental investment push, potentially as much as four percentage points of GDP over currently relatively subdued levels, sustained over decades, with the potential to boost medium-term growth.

Emerging markets' dilemma
The dilemma facing emerging markets is therefore the following: "Should developing countries retrench to preserve economic stability as they would in normal times… or should they invest to adjust to the economic realities of the 21st century, even at the risk of running up more debt? Which strategy best preserves creditworthiness?"

Not surprisingly the answer to the question depends both on initial conditions in each country, but also on the terms on which additional financing is available. This leads to the paper's main argument, which is that the international official sector, notably the multilateral development banks, need enormously to expand the scale of their lending, thereby reducing the cost of external finance, for such an investment push to be feasible.

It is against this background that the medium-term financing issues facing India need to be considered, both in the near term, as represented by the forthcoming Union Budget, and over the longer term as usually considered by successive finance commissions.

The Brookings argument is at best suggestive, but it does suggest an agenda for both analysis and action. Its core macroeconomic insight is that if financing terms are reasonable then creditworthiness can be maintained at a high investment, high growth steady state as a more cautious trajectory of fiscal consolidation.

It seems to me that this argument is tenable under three rather demanding conditions. First, the policy regime at both the Centre and the States must assure high quality investment. Second, the financial markets buy into this story so that India's private sector is not penalised by a deterioration in India's credit rating.

Third, that the effective fiscal cost of multilateral borrowing is not materially affected by its foreign currency denomination.

In terms of an agenda for action, NITI could work more closely with States to come up with assessment of the quality of public investment while India's G20 Presidency could work in the finance track to explore the realism of a major expansion in the lending capacity of the multilateral development banks, starting with the World Bank Group. https://www.thehindubusinessline.com/opinion/financing-indias-energy-transition/article66451480.ece

13. New coal blending order to raise discoms' cost by Rs 11,000 crore in first half of FY24: Report *(energy.economictimes.indiatimes.com)* Jan 31, 2023

The new directive issued on January 9 will see discoms shelling out an additional Rs 11,000 crore in their power purchase bills during the first half of the next fiscal. Now the government wants thermal power plants or gencos to increase the imported coal blending to 6 per cent, Crisil Market Intelligence & Analytics said in a note on Monday.

The government directive mandating power producers to increase blending of imported coal to 6 per cent of their requirement until September will add up to Rs 11,000 crore towards power purchase cost for distribution companies, a report said. At the present blending rate of 5.4 per cent applicable this fiscal, the distribution companies or discoms will incur an additional Rs 42,000 crore on their power purchase bills this fiscal as this has pushed up the variable cost of power procurement for utilities by Rs 0.226 per unit.

The new directive issued on January 9 will see discoms shelling out an additional Rs 11,000 crore in their power purchase bills during the first half of the next fiscal. Now the government wants thermal power plants or gencos to increase the imported coal blending to 6 per cent, Crisil Market Intelligence & Analytics said in a note on Monday.

The latest directive is aimed at averting a power crisis from coal shortage this summer due to domestic supply issues.

Earlier, a directive issued in April 2022 mandated domestic power plants to blend 10 per cent of their coal requirement. This led to an increase in blending to 5.4 per cent during April-November 2022 from a meager 1.2 per cent last fiscal.

According to Crisil, the blending level to sustain for the rest of this fiscal, raising the cost for power utilities by Rs 42,000 crore on-year and pushing up the variable cost of power procurement for the utilities by Rs 0.226 per unit.

According to Hetal Gandhi, director of research at the agency, during the first half of next fiscal, the variable cost per unit will be lower by Rs 0.067 despite a marginal increase in blending to 6 per cent, because the price of imported coal is expected to be 33 per cent lower at Rs 7,100/tonne compared to Rs 10,600/tonne in the first half of this fiscal. All the same, utilities are staring at a cumulative increase of over Rs 0.159 per unit in their variable cost due to the two blending directives.

Power demand had risen a strong 10 per cent on-year in April-December. In the first three weeks of January, growth was even higher, at 14 per cent, due to a severe cold wave in the north with the peak demand surging 12 per cent on-year to 205.6 gw, a historic high for the month.

Therefore even after adjusting for a low base in the year-ago period, growth for the full fiscal will be in healthy double-digits, the report said.

At the other end, supply fell short and energy shortage increased 90 per cent onyear in January, lifting short-term prices by a whopping 80 per cent on-year. And the latest directive to increase imported coal blending is aimed at plugging this shortage, it said.

Considering the growth momentum seen in the past two years, the agency expects power demand to remain buoyant in the summer and grow 8-9 per cent on-year during April-September 2023. And this will further push up power purchase bills for the top five coal-dependent states of Bihar, MP, UP, Telengana and Maharashtra, with around 13 state-owned discoms, all of which were lossmaking in FY22.

According to Surbhi Kaushal, an associate director of research at the agency, the increase in cost due to higher blending will particularly impact Bihar, Madhya Pradesh, Uttar Pradesh, Telangana, and Maharashtra as these states have a higher coal share in their generation mix. These states also account for 35 per cent of power demand but also have over 75 per cent dependence on coal supply to service their demand and therefore the discoms in these states will cumulatively see incremental power purchase cost of Rs 0.15-0.20 per unit in fiscal 2023 and the first half of fiscal 2024.

Though the Electricity (Amendment) Rules of 2022 offers an automatic pass through of additional fuel cost, discoms need to compute these on a timely basis and charge them to their customers every month. On failing to do so, they may have to forfeit their right to recover the additional costs in future. https://energy.economictimes.indiatimes.com/news/coal/new-coal-blending-order-to-raise-discoms-cost-by-rs-11000-crore-in-first-half-of-fy24-report/97470829

14. 21st century India needs a real-time fiscal data portal *(livemint.com)* 30 Jan 2023

Soon after leaving North Block, former chief economic adviser to the finance ministry, Arvind Subramanian aired a warning about the creative accounting tricks used in the annual budget-making exercise. “Firms must report their results according to established accounting principles," Subramanian wrote in his book Of Counsel: The Challenges of the Modi-Jaitley Economy. “But things are different when it comes to the government. Singer-songwriter Paul Simon once told us that there are 50 ways to leave a lover. Similarly, governments have more than 50 ways—policies and accounting—to meet a deficit target… The more complicated the fiscal arrangements, as they are in India because of different layers of ‘off-budget’ activities and incurring of contingent liabilities, the more the scope for creative accounting."

For anyone trying to make sense of the government’s annual financial statement, such accounting tricks made it difficult to gauge the precise extent of the fiscal deficit. Analysts were forced to use a number of assumptions to derive the ‘true’ fiscal deficit from the reported figures.

Over the past couple of years, there has been a welcome shift towards more honest budgeting. The pandemic shock caused a fiscal crisis, but it also provided an opportunity for transparent reporting. Since the fiscal deficit was expected to shoot through the roof anyway, the finance ministry decided to come clean on the state of finances.

The next step would be to make government finances more transparent and accessible to India’s citizens and investors. A real time fiscal data portal that tells us how funds are flowing across the three tiers of government—Centre, state and local governments—would be an invaluable resource to understand the Indian economy.

Such a portal would allow India’s citizens to monitor fund flows minutely. Greater scrutiny of public finances would in turn improve the quality of reporting, driving up the efficiency of public spending. Such a portal would also allow government vendors and related businesses to plan their purchases and inventories better. Financial institutions would be able to estimate borrowing needs of different levels of government accurately.

At the moment, fiscal data in India is fragmented, incomplete, and often comes with lags. This makes it difficult to analyse government finances across the country in a comprehensive way. To cite an example, it is important to net out intergovernmental flows to avoid double counting if we want to understand the aggregate government spending and its impact on the economy. If local body grants provided by the Union government to states are shown as entries in the budgets of both the Union and states, it will overstate government spending, since the actual spending is being done only by the third tier of government. To make matters worse, the amount shown as a transfer by the higher tier (Union or state government) often does not match the amount shown as receipt by the lower tier (state or local government). The reconciliation happens much later, by when the data is only of academic interest.

Highlighting the gaps in the availability of fiscal data, a 2018 committee on fiscal statistics appointed by the National Statistical Commission (NSC) had argued for a complete overhaul of India’s fiscal database. “Fiscal data are getting generated all the time," the NSC committee report said. “But their compilation, classification into suitable categories and eventual publication on a website or in printed form is replete with instances of heterogeneous time lags."

The report rightly pointed out that the time lag issues make aggregate data compilation incomplete or inconsistent. Given that many parts of the fiscal system have been digitized, it is possible to build a comprehensive real-time fiscal data warehouse, it argued.

Over the years, a number of Finance Commission reports have advocated the setting up of an apex fiscal council to aggregate fiscal data. Some economists have argued that the Finance Commission itself should be established as a permanent body to perform such a role. Such a body can help clean up public finance statistics and provide a more accurate view of the flow of public funds across the country.

While gaps and discrepancies in the reporting of Union government finances garner most attention, the problems are often more acute at the sub-national level.

The NSC committee found that local government accounts were simply unavailable for most states. The National Statistical Office (NSO), which uses this data to compile India’s national accounts, was able to gather fiscal data for local bodies for only 11 states that year. And even for these states, the data had several gaps. Data for rural local bodies (panchayati raj institutions) was scarce across states. Data on urban local bodies tends to be in better shape, but remains incomplete, as a recent Reserve Bank of India (RBI) report on municipal finances pointed out.

There are other glaring data gaps. Most states do not maintain reliable and up-to-date data on off-balance sheet spending and contingent liabilities (including liabilities on account of state level public enterprises). Different states also tend to have different budgetary classifications, making inter-state comparisons difficult.

A federal fiscal organization can help bring about more consistent reporting standards. A transparent fiscal data portal that provides granular real-time data can bring about economy-wide efficiency gains, and pre-empt fiscal crises in the future. https://www.livemint.com/opinion/columns/21st-century-india-needs-a-real-time-fiscal-data-portal-11675100578417.html

15. Electoral Bonds: No Solution To Illegal Political Funding *(moneylife.in)* 31 January 2023

The Union government initiated the Electoral Bonds scheme, which was announced in the Union Budget 2017–18, on January 2, 2018. The aim was "to cleanse the system of political funding in the country". While many other issues are also germane, the moot question is will this goal be achieved.

These are bearer bonds that private entities can buy from a designated bank (presently the State Bank of India) and donate them to a political party. They are supposedly an anonymous way of donating funds to political parties, since the identity of the donor is not disclosed. The bonds become available around the time of elections, presumably to provide 'legitimate' funds to political parties.

Data shows that most of the funds go to the ruling party and help them consolidate their hold over power.

The scheme

To maintain anonymity of donations, the income tax department cannot investigate the donations, the Election Commission cannot ask for their details, and the public will not know who is donating. The then Election Commission was not in favour of such non-transparency. The Reserve Bank of India did not approve of such a scheme. In fact, neither of the two were consulted prior to the announcement of the scheme. In the Parliament, the Finance Minister had mentioned that people wanted anonymity but when asked through the Right to Information Act who these people were, there was no response.

Given the opacity of the bonds (for the public), a quid pro quo is possible between the ruling party and the donor for favours bestowed. In effect, it can be a bribe in white.

While the public and the Election Commission cannot find out who is donating to whom, the party in power can access this information. The bank issuing the bonds has a record of the entity donating and the party encashing the bond. Given that the bank managements are largely under the control of the Union Ministry of Finance, the information can be accessed by the ruling party.

Further, given the opacity of the bonds (for the public), a quid pro quo is possible between the ruling party and the donor for favours bestowed. In effect, it can be a bribe in white. Since there will be no investigation, the donated money could be illegal.

Given these asymmetries and the opacity, public spirited entities went to court against the scheme in 2018. Since then, the matter has been sub judice. The Supreme Court, in its wisdom, has refused to grant an interim stay on the scheme.

Black money in elections

To fight Indian elections, whether for local bodies or state or national legislatures, much illegal funds are used. In a survey of 14 successful Parliamentarians in the 1998 Lok Sabha Elections, this author found that the average expenditure was eight times the allowed expenditure. This multiple has increased over time. The Parliamentarians interviewed added that the donors expected favours from them if they won.

Since any expenditure above the election expenditure limit is illegal, it has to be surreptitious. It cannot enter into the book of accounts, and has to be from illegal sources/black incomes. The Election Commission's checking during elections has made little dent.

The quid pro quo results in subversion of policies and marginalisation of the common voters, who usually receive a bribe to vote for certain candidates. However, what the voters get at the time of elections is peanuts compared to their loss when policies are subverted against them. In contrast, the vested interests funding the candidates make a multiple of their illegal donation. It is the best investment for businesses since they get favourable policies, contracts, and protection from prosecution for wrong doing, among other things.

Clearly, the welfare of the nation and the common people requires freeing the politicians running the government from the influence of the black economy. How do donations via electoral bonds funded by legal or illegal money help curb undue influence on policy makers? The bonds provide an additional of such funds.

Why the bonds?

Can the use of Electoral Bonds serve the larger purpose of curbing black income generation in the country? A couple of lakh crore rupees are used in various elections in a five year cycle – about Rs. 40,000 crores per annum. Of the current Gross Domestic Product (GDP) of about Rs. 270 lakh crores, it comes to 0.15 per cent. The electoral bonds of a few thousand crore rupees issued annually are an even smaller percentage, both of the GDP and of the black economy. Since electoral bonds are only an addition, they cannot be the solution to the problem of use of black incomes in elections.

Election expenditures over and above the election limits have to be via illegal funds. The electoral bonds can neither be used to fill this need nor do they accrue to the individual candidates, so the need for illegal funds does not disappear.

Auditing of accounts of political parties can hardly stop the use of black incomes in elections. Companies' accounts are audited, yet they generate black incomes through various means. Political parties also adopt the same devices to hide the actual sums surreptitiously received.

Thus, even if the electoral bonds are based on legitimate funds, they cannot prevent the use of illegal funds raised by political parties.

Crucially, election expenditure limits are applied to the candidates and not political parties. The Electoral bonds can only be donated to political parties and not individual candidates. So, the individual candidate's huge expenditures over and above the election expenditure limit has to be met through illegal funds. The winning candidates will have to continue to honour the quid pro quo and illegality will persist – bonds or no bonds.

What makes Indian elections expensive?

The rich who donate substantial sums to politicians and parties do so in black since they do not want their name to be up front. They donate to all parties but don't want the ruling party to know this. The political parties also do not want the public to know which businessmen are obliging them since in a poor country that could tarnish their image. Why do candidates need so much money to fight elections?

Electoral democracy has come to India when feudal consciousness persists. People vote for a variety of reasons, and not just on the basis of the candidate's performance in the constituency.

Often, people vote for candidates of their caste and community, however corrupt they may be. They expect this person to do their right or wrong work. Nowadays, work, whether right or wrong, requires pull. Often, bullies get elected because they can deliver. People say that they do not want to waste their vote, irrespective of the performance or the honesty of the candidates.

Seldom do NGO leaders who help people in myriad ways win elections. At times, candidates who do not even belong to a constituency win because of their equations within the constituency. Clearly, the public is looking for something other than performance when voting.

Candidates try to demonstrate to the people in their constituency that they have clout and can deliver. To show clout, big rallies, road shows, posters, cut-outs, flooding of social media, maintenance of vote banks, and so on are required. Cash and gifts are distributed just before Election Day. All these require a lot of funds.

Delhi Chief Minister Arvind Kejriwal has advised people to take gifts from political parties, but vote for his Aam Aadmi Party's supposedly honest candidates, but this did not succeed because of the prevailing feudal consciousness: 'namak khaya hai'.

Electoral bonds cannot achieve their ostensible goal

Indian elections have become expensive since feudal consciousness prevails in society and voting is seldom based on the performance of candidates. So, elections become expensive.

Election expenditures over and above the election limits have to be via illegal funds. The electoral bonds can neither be used to fill this need nor do they accrue to the individual candidates, so the need for illegal funds does not disappear.

For political parties, the bonds give additional funds over and above what they collect illegally. Auditing of party accounts cannot help since that is only of the declared funds. Thus, the electoral bonds scheme cannot succeed in cleansing political funding. https://www.moneylife.in/article/electoral-bonds-no-solution-to-illegal-political-funding/69672.html

16. Rajkot's old projects gather dust *(timesofindia.indiatimes.com)* Jan 31, 2023

RAJKOT: The Rajkot Municipal Corporation (RMC) will present the draft for the financial year 2023-24 on Tuesday. Sources said several projects that were announced earlier but never saw the light of the day are expected to be included in this budget too.

The administrative wing of RMC will present the revised budget of 2022-23 on Tuesday. Sources said the budget size last year was around Rs 2,300 crore out of which works of around Rs 800 crore only were taken up and the rest remained on paper.

In the 2018-19 budget, the RMC had announced a pilot project to provide 24 hours water supply in Chandreshnagar area of the city after installing water meters. However, this project remained on paper. The city is still struggling to get 20 minutes water supply per day with full force in peak summer and RMC is completely dependent on Narmada water for drinking water supply which is increasing by the day.

In the last budget, RMC had proposed 10 new gardens in newly developing areas like Aji Dam, Ghanteshwar, Madhapar, Munjka and Mota Mauva in a total area of 1.50 lakh sq m and allotted Rs 12.71 crore for this. However no work has been started on this project.

RMC had also announced two multi-layer parkings and 25 smart parkings in the previous budget to deal with space issues on the road, but these too haven't seen the light of the day. In fact, the multi-layer parkings at Trikon Baug and Surveshwar Chowk are being announced in budgets since 2018.

Also, a new overbridge on the railway line near Jamnagar Road has been discussed for the last eight years but the project is still in the pipeline due to continuous dispute between the railways and RMC. As the railways has refused rant for this bridge, RMC will have to bear the entire cost. This old narrow bridge was closed for heavy vehicles only after the collapse of Morbi suspension bridge.

In fact, RMC has assured to make the city free from railway crossings However, four crossings at Airport Road, Atika industrial area, PDM and Kothariya Solvent, continue to give headaches for daily commuters.

Projects like Smart City, Atal Sarovar, New Race Course and four-laning of the New Ring Road are moving at a snail's pace. Municipal commissioner Amit Arora said, "Smart city is a five-year project and it's going on. It will reflect in the budget till the project continues. The multilevel parking is not turning out to be feasible after the study and we will drop it."

Regarding Jamnagar road overbridge, Arora said, "The tender document is ready and the railway suggested some changes in the design which we have made. We are awaiting approval from the railways and will float a tender by the end of the current financial year. https://timesofindia.indiatimes.com/city/rajkot/rajkots-old-projects-gather-dust/articleshow/97471370.cms