

NEWS ITEMS ON CAG/ AUDIT REPORTS (09.02.2023)

1. India signs MoUs with Kazakhstan and Tajikistan at SCO-SAI meeting to strengthen cooperation in field of auditing (akipress.com) FEBRUARY 9, 2023

The Comptroller and Auditor General of India (CAG) GC Murmu on Monday signed two Memoranda of Understanding (MoUs) with audit institutions of Kazakhstan and Tajikistan to strengthen cooperation and exchange of expertise in the field of auditing, according to an official statement by CAG, The Print reported.

The MoUs signed on the sidelines of the Shanghai Cooperation Organization Supreme Audit Institutions (SCO SAI) Leaders' meeting in Lucknow, will provide a platform for the exchange of auditing professionals and technical teams, collaboration in training programs, and mutual assistance in conducting audits, it said.

The agreements are a step forward in promoting closer ties and collaboration among the Supreme Audit Institutions (SAIs) of the three nations, the statement said.

The MoU with SAI Tajikistan was signed with the Chairman, Accounts Chamber of the Republic of Tajikistan, Karakhon Chillazoda. The MoU will develop and strengthen the respective institution's professional capacity and improve methodologies in the field of audit. Both SAIs also agreed to explore means of capacity development, support and cooperation on areas that are mutually beneficial.

CAG of India Girish Chandra Murmu said that this MoU was a reaffirmation of the values and goals that the two institutions share over a long period and a cementing of the ties that already exist between the two nations.

The MoU with Kazakhstan was signed with the Chairperson of the Supreme Audit Chamber of the Republic of Kazakhstan, Natalya Godunova.

Murmu stated that the SAIs commit to cooperate within their areas of competence to enhance and improve their respective external audit practices. This cooperation will encompass the exchange of experience in methodologies and procedures, joint efforts in professional training and personnel development, sharing of information and best practices through workshops, conferences, and technical meetings.

The SCO SAI Leaders Summit was held in India from February 6 to 8, and attended by the heads of Supreme Audit Institutions from the member-states of Shanghai Cooperation Organization. https://akipress.com/news:694061:India_signs_MoUs_with_Kazakhstan_and_Tajikistan_at_SCO-SAI_meeting_to_strengthen_cooperation_in_field_of_auditing/

2. Centre urges CAG to audit midday meal scheme implementation in Bengal (indianexpress.com) Updated: February 9, 2023

Days after forming a panel to review the implementation of the midday meal scheme in West Bengal, the Ministry of Education has requested the Comptroller and Auditor General of India (CAG) to conduct a special audit of the scheme in the state, citing alleged misuse of funds.

The ministry announced its decision on Wednesday, saying that it will take necessary “corrective action” based on the audit of the CAG, which will look into compliance, performance and financial aspects of the scheme, which was rebranded as ‘PM Poshan’ in 2021.

“The Ministry of Education has received reports about the alleged misuse of funds in West Bengal under the PM Poshan scheme. Instances of deviations in implementation of the scheme have also been reported in the media. In view of the above, the ministry has requested the CAG for a special audit of implementation of the scheme in the state for the last three financial years,” an official statement said.

On January 13, the ministry had announced the setting up of a Joint Review Mission (JRM) to examine various aspects of the implementation of the scheme ranging from “fund flow from state to schools” to “convening the meetings of district-level committee under chairpersonship of senior most Member of Parliament” in West Bengal.

The JRM was formed following a letter by West Bengal Leader of the Opposition Suwendu Adhikari to Education Minister Dharmendra Pradhan in which the former alleged “misappropriation” of midday meal funds by the Trinamool-led government.

Fund misuse allegation

The Centre had last month formed a Joint Review Mission (JRM) to examine various aspects of the implementation of the scheme after West Bengal Leader of the Opposition Suwendu Adhikari wrote to Union Education Minister Dharmendra Pradhan in which the former alleged “misappropriation” of midday meal funds by the Trinamool-led government.

“The funds granted by the Central government in this regard have been systematically diverted unethically by the state government on a regular basis to serve their own interests,” he had alleged.

Subsequently, the members of the panel also visited the state. Incidentally, while the ministry had issued a press statement on the JRM for West Bengal, it did not do so in the case of the JRMs for Tamil Nadu and Telangana formed around the same time.

According to the PM Poshan guidelines, these joint missions, “shall visit eight to 10 states every year to review the implementation of the scheme at state, district and school levels on defined parameters”. The visit of a JRM for West Bengal in 2020 had to be “deferred”.

The last JRM report on West Bengal dates back to 2015. In its report, the JRM had then praised the state on a number of counts, including ‘systematic allotment of food grains without any delay’, ‘monitoring management’, and ‘preparation of menu in consultation with the parents and other stakeholders’.

It had also flagged certain constraints such as “30% of the schools are run in rented houses in which at places owners are not permitting to cook the meal inside the building” and “no proper kitchen and dining space” in all the village schools. <https://indianexpress.com/article/education/centre-urges-cag-to-audit-midday-meal-scheme-implementation-in-bengal-8432960/>

3. Audit Poshan scheme in Bengal: Govt to CAG ([hindustantimes.com](https://www.hindustantimes.com)) Feb 09, 2023

The education ministry on Wednesday asked the Comptroller and Auditor General (CAG) to conduct a special audit of the implementation of the Pradhan Mantri Poshan Shakti Nirman (PM Poshan) in West Bengal over the last three years, amid reports of alleged misuse of central funds allocated for the mid-day meal scheme.

“In view of above, the Education Ministry has requested 0/o CAG for a Special Audit of implementation of PM Poshan Scheme in the State of West Bengal for the last three financial years. This Audit will encompass compliance, performance and financial audit,” the ministry said in a statement.

“Necessary corrective action will be taken by the Department (School Education and Literacy) based on the Audit Report by the CAG,” it added.

The development came days after leader of opposition in Bengal Assembly and BJP leader Suwendu Adhikari wrote to Union education minister Dharmendra Pradhan, alleging that the central funds allocated for the scheme are being misused by the TMC government in the state.

Under the scheme, one hot cooked meal is to be served to students up to Class 8 during school hours in government schools.

Last month, the ministry had constituted a joint review mission to check the implementation of the scheme in the state.

“Driven by its vindictive attitude, the Centre has now taken another route. It is playing a political game instead of clearing the unpaid funds meant for welfare schemes,” TMC Rajya Sabha member Santanu Sen said. <https://www.hindustantimes.com/cities/delhi-news/audit-poshan-scheme-in-bengal-govt-to-cag-101675883523000.html>

4. Education min calls for CAG audit on misuse of PM Poshan funds in W Bengal ([business-standard.com](https://www.business-standard.com), [dailypioneer.com](https://www.dailypioneer.com)) February 8, 2023

The Ministry of Education has asked the Comptroller and Auditor General (CAG) for a special audit of alleged misuse of funds for the PM Poshan scheme in West Bengal over last three years, officials said on Wednesday.

Necessary corrective action will be taken by the ministry based on the audit report, they said.

"The Education Ministry has requested CAG for a Special Audit of implementation of PM Poshan scheme in the State of West Bengal for the last three financial years. This audit will encompass compliance, performance and financial audit," a senior ministry official said.

"CAG is empowered to conduct this Audit under Regulations on Audit and Accounts (Amendment) 2020 framed in pursuance of Section 23 of the Comptroller and Auditor Generals (Duties, Powers and Conditions of Service) Act, 1971, (Act No 56 of 1971)," the official said.

The Department of School Education and Literacy administers the PM Poshan scheme vide which funds are provided to states, based on proposals received from them, for providing one hot cooked meal to eligible children from classes I to VIII and those in Balvatika (below Class I).

The PM Poshan scheme benefits about 11.80 crore children in the country studying in 11.20 lakh government and government-aided schools. https://www.business-standard.com/article/economy-policy/education-min-calls-for-cag-audit-on-misuse-of-pm-poshan-funds-in-w-bengal-123020800960_1.html

5. पश्चिम बंगाल के स्कूलों में भोजन की गड़बड़ी को लेकर जांच करेगा CAG, शिक्षा मंत्रालय के अनुरोध पर कार्रवाई (jagran.com) February 08, 2023

पीएम पोषण स्कीम के तहत बंगाल में स्कूली बच्चों को मिलने वाले दोपहर के भोजन में गड़बड़ी मामले में केंद्रीय शिक्षा मंत्रालय अब कैग (नियंत्रक एवं महालेखा परीक्षक) से आडिट कराएगा। लंबे समय से राज्य में पीएम पोषण स्कीम के अमल में गड़बड़ियों की शिकायतों के आधार पर मंत्रालय ने कैग से राज्य में पिछले तीन वित्तीय वर्ष के दौरान इस स्कीम के क्रियान्वयन का आडिट करने का अनुरोध किया है। खास बात यह है कि मंत्रालय की ओर से इस संबंध में कराई जाने वाली जांच को लेकर राज्य सरकार लगातार असहयोग कर रही है।

रिपोर्ट पर कार्रवाई का आश्वासन

शिक्षा मंत्रालय ने इससे पहले स्कीम के नियमों के तहत ज्वाइंट रिव्यू मिशन (जेआरएम) का गठन किया था, जिसमें केंद्र और राज्य के अधिकारियों के साथ ही बड़े पैमाने पर स्वतंत्र विशेषज्ञों की भी नियुक्ति की थी। मंत्रालय ने इस बीच कैग से किए गए अनुरोध में कहा है वह अपने अधिकारों की इस्तेमाल करते हुए आडिट में पीएम पोषण के क्रियान्वयन और वित्तीय लेखा परीक्षण को भी शामिल करें। कैग को भरोसा भी दिलाया है कि जो आडिट रिपोर्ट दी जाएगी, उस पर जरूरी कार्रवाई भी होगी।

करोड़ों बच्चों को मिल रहा है फायदा

गौरतलब है कि शिक्षा मंत्रालय के स्कूल शिक्षा और साक्षरता विभाग पीएम पोषण योजना को संचालित करता है। इसके तहत बालवाटिका सहित पहली से आठवीं तक पढ़ने वाले बच्चों को पका हुआ भोजन दिया जाता है। सभी राज्यों के प्रस्तावों के आधार पर केंद्र उन्हें वित्तीय मदद मुहैया कराता है। मौजूदा समय में पीएम पोषण स्कीम के तहत देश भर के 11.20 लाख स्कूलों में पढ़ने वाले लगभग 11.80 करोड़ बच्चों को लाभ मिल रहा है। <https://www.jagran.com/news/national-cag-to-investigate-food-irregularities-in-west-bengal-school-23323419.html>

STATES NEWS ITEMS

6. Rs 3,000 cr imposed citing cash crunch. CAG says nearly Rs 22,000 cr left uncollected ([onmanorama.com](https://www.onmanorama.com)) 09 Feb 2023

The report of the Comptroller and Auditor General of India on Revenue Sector, which was tabled in the Assembly on Thursday, could not have come at a more inopportune moment for the Pinarayi Vijayan ministry.

A week after the 2023-24 Budget imposed nearly Rs 3,000 crore as additional burden on the public and right after water tariffs were pushed up, the CAG report has revealed the revenue the government has been unable to collect: a whopping Rs 21,797.86 crore till March 31, 2021.

Of this, the report states, Rs 7,100.32 crore was outstanding for more than five years. The total arrears, Rs 21,797.86 crore, is 22.33 per cent of the total revenue of the state.

Further, Rs 6,422.49 crore or 29.46 per cent of the total arrears were to come from the government and local bodies. "This necessitates urgent intervention from the government to clear the outstanding arrears," the report notes.

The report gives a clear hint that the government could have sat on a fatter cash reserve had the departments shown less apathy towards getting the arrears cleared. "The arrear figures are furnished by the departments every year only at the instance of the audit (CAG's)," it states and adds: "Absence of prompt reporting of arrears to the Revenue Department and pursuance by the departments concerned for realising the arrears are the main reasons for the huge pendency of arrears."

Considering the grave situation, the CAG has recommended a system for monitoring and realisation of arrears. Reality is, the departments have not kept a database of outstanding arrears. This makes monitoring and follow-up virtually impossible. The Stamps and Registration Department, for instance, was not able to furnish the amount outstanding for the last five years.

The three revenue heads bogged down by the heaviest arrears are GST (Rs 13,830.43 crore), taxes on vehicles (Rs 2,616.90 crore), and duties on electricity (Rs 2,929.11 crore).

In the GST Department, 93.45 per cent of the total arrears or Rs 12,924.31 crore was pending from individuals, private firms and companies.

The government argues that the delay in collecting arrears was mostly on account of court cases. Fact is, only 40.32 per cent of the arrears are kept under judicial stays. This means, at least Rs 8254 crore could be recovered in a relatively easy manner.

Of the Rs 2,616.90 crore arrears under tax on vehicles, KSRTC alone accounts for 70.49 per cent or Rs 1,844.73 crore.

Virtually all or 99.06 per cent of the arrears of Rs 2,929.11 crore under duties on electricity are to be paid by the government and government bodies. <https://www.onmanorama.com/news/kerala/2023/02/09/comptroller-audit-general-cag-report-uncollected-revenue.html>

7. Revenue arrears worth Rs 7,100 pending to be recovered from various depts: CAG report (english.mathrubhumi.com) 09 February 2023

Thiruvananthapuram: The latest report of the Comptroller General of India revealed that the Kerala revenue department has failed to collect Rs 7,100.32 crore of revenue arrears for the past five years.

A total revenue arrears worth Rs 21,797.86 crore is pending to be collected by the state government. Rs 6422.49 out of the total amount has to be recovered from various government departments and local self government institutions. The arrears will constitute 22.33 per cent of the total revenue generation of the state. The concerned departments are accused of taking no action to retrieve the amount.

The recovery of Rs 6,143 crore has been stalled due to stay orders. This constitutes 32.79 per cent of the arrears. The CAG report has recommended creating a data bank comprising the details of arrears pending with each department. <https://english.mathrubhumi.com/news/money/revenue-arrears-worth-rs-7-100-pending-to-be-recovered-from-various-depts-cag-report-1.8295244>

8. Meerut: Red flag for IRS officials over vehicle misuse (freepressjournal.in) February 08, 2023

The enquiry found gross misuse of vehicles and put the officials under the scanner of the Indian Audit and Accounts Department.

Meerut: Customs and central goods and services tax (GST) officials of Meerut Zone are using vehicles allotted to them for official work to commute from their homes in Delhi, Noida, Ghaziabad, and Meerut to their place of work, according to a letter from the office of the principal director of audit (central), Lucknow.

The letter has been written against the backdrop of the principal director last month asking for details of the vehicles used by the Meerut, Dehradun, Ghaziabad, and Noida zones.
Gross misuse of vehicles

The enquiry found gross misuse of vehicles and put the officials under the scanner of the Indian Audit and Accounts Department.

Senior officials of the Ghaziabad and Meerut commissionerate said that officers were cooperating with the audit scrutiny and appropriate corrective action would be taken to prevent misuse.

An audit officer probing the misuse of the operational and staff vehicles also said: “Only commercial vehicles with yellow number plates are to be hired for use by the department but private vehicles of the officers family and relatives are used in service and hefty transport allowance is claimed.”

The audit team probing vehicles hired by the Meerut zone commissionerate for official work said toll records showed that bills for vehicles with registration numbers UP 14 JT 4685 and UP 14 GT 7032 submitted by the contractor for local use of customs and GST officers were commercial trucks plying in Bihar, West Bengal, and Assam, said the letter, which was sent to

the chief commissioner, central goods and services tax, Meerut Zone. Another vehicle used by Meerut customs and GST officials was found to be operating in Mathura and Agra, far from its area of operations.

In Ghaziabad commissionerate, the scrutiny of bills and log books showed that vehicles with registration numbers HR 66 B 5559 and HR 66 B 7939 revealed were operating in Delhi, Haryana, Rajasthan, and Punjab and even travelled to Himachal Pradesh, according to the letter.

The audit team scrutinised the log books of vehicles allotted to IRS officers of assistant commissioners, deputy commissioners, joint commissioners, and additional commissioners, as well as the tenders, agreements, and work orders of the hired vehicles with bills paid. The audit team asked the respective chief commissioners of the Customs and GST zones to submit written statements of the vehicles used in their areas.

“More than 2000 vehicles are hired with an annual expenditure of Rs 5-6 lakh per vehicle, which comes to more than Rs500 crore in last five years alone since GST was rolled out. Only the officers above the rank of commissioners are entitled to use staff vehicle but other junior officers such as assistant commissioners and deputy commissioners are not only using such vehicles but are also drawing travel allowances,” complained Abhijat Srivastava, general secretary, All India Central Excise Inspectors Association Lucknow Circle.

Major financial loss to the exchequer

The misuse of official vehicles and claims of illegal travel allowances by IRS officers has led to a major financial loss to the exchequer, according to the complaint with the Comptroller and Auditor General of India by the Transparency Campaigners Society,

“All operational vehicles should be installed with GPS to track their movements in respective jurisdiction. All officers should sign the log book immediately after use of the vehicles with details of the location travelled instead of just “local use for official purpose” written by the driver. Action should be taken against officers clearing bills without verifying log books and bills submitted by the contractor,” said Transparency Campaigners Society coordinator Shekhar S. <https://www.freepressjournal.in/india/meerut-red-flag-for-irs-officials-over-vehicle-misuse>

9. State’s off-budget borrowings estimated to be ₹746.12 crore in fiscal 2022-23, data reveal (thehindu.com) February 09, 2023

Tamil Nadu’s off-budget borrowings is estimated to be ₹746.12 crore in fiscal 2022-23 compared to ₹594.88 crore in 2021-22, according to data shared in Parliament.

Off-budget borrowings refer to the borrowings undertaken by the State public sector for which the principal and interest are serviced out of State budgets. According to the State Finance Audit report of the Comptroller and Auditor General of India (CAG) tabled in the Legislative Assembly session last year, Tamil Nadu’s off-budget borrowings was ₹14,734.92 crore in 2020-21.

As per the data, Uttar Pradesh is estimated to have off-budget borrowings of ₹4,048.80 crore, followed by Kerala at ₹2,769.71 crore, Chhattisgarh ₹2,762.81 crore, Karnataka ₹1,997 crore,

Madhya Pradesh ₹1,783.51 crore, Andhra Pradesh ₹1,300.80 crore and Assam ₹1,000 crore in 2022-23.

Maharashtra and Gujarat are estimated to have nil off-budget borrowings in 2022-23.

The data was shared by Union Minister of State for Finance Pankaj Chaudhary, in reply to an unstarred question by CPI (M)'s Rajya Sabha member John Brittas. The Minister pointed out that some States, including Andhra Pradesh, Assam, Telangana, Kerala and Sikkim, had requested not to consider the borrowings of State government entities in determining the Net Borrowing Ceiling of States.

However, considering the effect of bypassing the Net Borrowing Ceiling through off-budget borrowings by some States, as pointed out by the CAG, it was decided that such borrowings shall be considered as borrowings made by the State itself from fixing the borrowing ceiling of States, he added.

The Centre tweaked its norms last year for determining the borrowing ceiling for States, which would be adjusted by factoring in the off-budget borrowings since 2020-21. Following the difficulties expressed by States, it relaxed the norms later stating that off-budget borrowings by States up to 2020-21 may not be adjusted.

It further said only the off-budget borrowings done in 2021-22 could be adjusted up to four years till March 2026. <https://www.thehindu.com/news/national/tamil-nadu/states-off-budget-borrowings-estimated-to-be-74612-crore-in-fiscal-2022-23-data-reveal/article66485900.ece>

SELECTED NEWS ITEMS/ARTICLES FOR READING

10. MoD seals Rs 2,585 crore deal for modular bridges (timesofindia.indiatimes.com) Feb 9, 2023

NEW DELHI: The ministry of defence on Wednesday inked a Rs 2,585 crore contract with L&T for production of 41 sets of modular bridges, which have been designed by Defence Research and Development Organisation (DRDO) for the Army.

“Each set of these game-changing modular bridges shall consist of seven carrier vehicles based on 8x8 heavy mobility vehicles and two launcher vehicles based on 10x10 heavy mobility vehicles. Each set shall be capable of mechanically launching a single-span fully decked 46-metre assault bridge,” an MoD official said.

The bridges can be used over various types of obstacles like canals and ditches, with quick launching and retrieval capabilities.

“The equipment is highly mobile, versatile, rugged and capable of keeping pace with wheeled and tracked mechanized vehicles,” the official said.

The modular bridges will replace the manually-launched medium girder bridges (MGB) that are currently being used by the Army's Corps of Engineers.

“The indigenously-designed and manufactured modular bridges shall have many advantages over the MGB such as increased span, less time for construction and mechanical launching with retrieval capability,” he said.

“They will give a major boost to the bridging capability of the Army on the western front,” he further said.

“The project will showcase India’s progress in designing and developing world class military equipment and pave the way for enhancing defence exports to friendly countries,” he added. <https://timesofindia.indiatimes.com/india/mod-seals-rs-2585-crore-deal-for-modular-bridges/articleshow/97750244.cms>

11. Centre to release up to 80% disputed amount to contractors ([financialexpress.com](https://www.financialexpress.com)) February 9, 2023

To bring quick finality to contractual disputes in which the Centre or its agencies is a litigant, the finance ministry on Wednesday circulated a draft one-time settlement scheme under which up to 80% of the disputed amount would be released to the contractors.

Finance minister Nirmala Sitharaman announced the scheme in the Budget on February 1– Vivad se Vishwas II (Contractual Disputes) – proposing a graded settlement term depending on the pendency level of the dispute.

The scheme was conceptualised given the huge backlog of disputes and litigation, which not only hold back fresh investment but are also reducing the ease of doing business with the government.

Only disputes where the claim for proceedings (either to Court or for Arbitration or Conciliation) was submitted by the contractor on or before September 30, 2022, and Arbitral Tribunal/ Committee for Conciliation etc. for the specific case has been already notified by the procuring entity would be eligible for settlement through this scheme. Disputes having only financial claims against the procuring entities will be settled through this scheme.

“To settle contractual disputes of government and government undertakings, wherein the arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced. This will be done by offering graded settlement terms depending on the pendency level of the dispute,” Sitharaman said in her Budget speech.

If a Court order is passed, the Centre or its agencies would release 80% of the net amount awarded would be released to the contractor even if the case was in further appeal. The release would be 60% if an arbitral award passed, 30% in ongoing disputes in Court/Arbitral Tribunal and 20% in other ongoing litigations.

The scheme will be implemented through Government e-Marketplace (GeM), which shall provide an online functionality for the same and the contractor has to file his case for resolution within three months from a specified date. <https://www.financialexpress.com/economy/centre-to-release-up-to-80-disputed-amount-to-contractors/2975813/>

12. The maturing GST regime (cnbctv18.com) Feb 9, 2023

As Article 279 A of the Constitution empowers the GST Council to act on and make all recommendations relating to GST, the Budget gives legal sanctity to those recommendations. Though the year 2022 saw only two GST Council meetings -the 47th held in June and the 48th held in December, the year 2023, will see greater engagement between the Centre and the States.

The Union Budget has become a dull affair as far as the Goods & Services Tax (GST) Acts go. Article 279 A of the Constitution empowers the Goods & Services Tax (GST) Council to act on and make all recommendations relating to GST. This covers the whole ambit of issues relating to GST including the laws -- Central Goods & Services Tax Act (CGST) and Integrated Goods & Services Tax Act (IGST).

The recommendations relating to laws are given effect to by the Finance Bill since they involve the statute. The latest Budget gave legal sanctity to the recommendations made by the GST Council in the meetings held over the course of the year. The year 2022 saw only two GST Council meetings -the 47th held in June and the 48th held in December. Hopefully 2023 will see greater engagement between the Centre and the States.

The Finance Bill has fifteen clauses (128 to 142) relating the CGST and two clauses (143 and 144) relating to IGST. The proposals are a mix of measures which can broadly be categorised under different heads.

Facilitation & Ease of Doing Business

-Clause 128 seeks to amend section 10 of the CGST Act to permit unregistered and composite persons to make intra-state supplies through e-commerce operators. This should give a much-needed boost to the MSME sector.

-Clause 131 is a proposal to be applied retrospectively from 1st July 2017 and seeks to address a contradiction in the CGST Act between sections 22 and 24. One section states that registration is necessary in case supplies are made in situations where GST is being paid under the reverse charge mechanism and the other, states that registration is not required in case the supplier is exclusively dealing in non-taxable or exempted goods. This amendment is welcome.

-Clause 136 seeks to rectify a superfluous phrase in section 54 and align it with section 41. The law as it stands prescribes that refund will be given only after excluding the provisional credit already taken; this will continue to happen but the reference to provisional credit is being deleted. The logic being in a self-assessment regime this is the right of the assessee and in any case the refund will be minus the credit taken.

-The next clause 139 proposes to increase the threshold limit for launching prosecution to Rs.2 crore and decriminalizes a whole host of offences except offences relating to fake invoices.

-Clause 142 is a retrospective amendment proposed in Schedule III of the CGST Act which lists the activities to be treated as neither a supply of goods or services. Specifically, clearance of goods from a customs bonded warehouse or high sea sales or supply from a non-taxable territory to another non-taxable territory were given such benefit from 2019. There was ambiguity for the earlier period -from July 2017. The benefit now will be available retrospectively with the caveat that those who had earlier will not get refund.

Tightening possible leakages

- Clause 129 enjoins the recipient to reverse credit with interest in the event of the recipient not paying the supplier within 180 days of the receipt of the goods.

-Clause 138 seeks to introduce a new provision in section 122 dealing with offences and penalties. The onus is being cast on e-commerce operators to ensure that unregistered suppliers doing intra-state supply of goods follow all the rules- failure would result in the e-commerce operator being penalized.

-Clause 140 dealing seeks to debar persons involved in fake invoices from the facility of compounding of offences with suitable changes in Sec 138.

-Clause 143 seeks to amend definitions of 'non-taxable online recipient' and 'Online information Data Retrieval Services'; the proposed amendments will expand the scope of the levy.

Rectifying/clarifying legal position

- The Bill proposes that no credit will be available in case of goods or services received which are used/intended to be used for discharge of statutory corporate social responsibilities. This was an issue which was hanging fire for some time with divergent interpretations. Perhaps the clarification is a little harsh but nevertheless should ensure that there is no confusion of the intent.

-Clauses 131,132,133 and 134 prescribe a time limit of 3 years for filing returns from the due date of filing returns in the case of GSTR's 1, 3B ,9 and 8.

-Clause 137 prescribes the methodology for calculating the interest in case the department delays refund beyond 60 days

-Clause 141 proposes to introduce a new section-sec 158A which empowers the government to place all information submitted in the returns in a common portal -obviously this would imply that this can be shared with other agencies.

-The last clause 144 seeks to omit the proviso to sub-section (8) of section 12 -this was a proviso relating to supply of services by mail or courier which previously stated that the destination will be the place of supply .

All the provisions are to be implemented prospectively except for the two provisions which specifically mention otherwise.

To conclude one can, do no better than a quote from the Statement of Fiscal Policy-- 'GST with a motto of "One Nation One market, One Tax" has emerged as a transparent, neutral, efficient tax regime. Government is further leveraging GST to augment receipts. The progressively higher GST collections are indicative of a maturing GST regime. GST receipts are estimated at `9.57 lakh crore in BE 2023-24, registering a growth of 12.0 percent over Revised Estimates.' <https://www.cnbctv18.com/views/taxtalks--the-maturing-gst-regime-15893291.htm>

13. 'Union Budget boosts growth but cut in subsidies a concern' (timesofindia.indiatimes.com) Feb 9, 2023

Thiruvananthapuram: The proposal to enhance capital expenditure by 33% in the latest Union Budget would provide substantial stimulus to the Indian economy and would help get rid-off Covid related growth issues, said Prof M Govinda Rao, former director of the National Institute of Public Finance and Policy (NIPFP), former finance commission member and fellow of Gulati Institute for Finance and Taxation (GIFT).

He welcomed the Budget proposal to reduce the fiscal deficit to 4.5% of GDP by 2024-25. He was delivering the opening remarks at a panel discussion on the Union Budget 2023-24 and the Economic Survey of 2022-23, organized by GIFT here. Rao, however, raised serious concerns about reducing the expenditure on social welfare schemes and subsidies. Food subsidy was cut by Rs 90,000 crore and subsidy on fertilizer by Rs 50,000 crore. Also, allocation for Mahatma Gandhi Rural Employment Guarantee Scheme was allotted a lesser amount.

He alleged that the Union Budget had lowered the fiscal deficit by substantially reducing expenses on welfare measures and subsidies, adding that it may impact people in rural areas and lower strata of society. "Expenditure-GDP ratio of the Union government was reduced to 14.9% from 15.3%. Spending on centrally sponsored schemes remains stagnant. It is not easy for the finance minister to achieve the target of lowering the fiscal deficit to 4.5% of GDP by 2025-26 as elections are on the anvil," he said. <https://timesofindia.indiatimes.com/city/thiruvananthapuram/union-budget-boosts-growth-but-cut-in-subsidies-a-concern/articleshow/97752607.cms>

14. Fund allocated for MGNREGA can provide just 17 days of work (downtoearth.org.in) Feb 8, 2023

The budget allocated to the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) will only enable 16.64 days of work per active household, according to the estimate by a section of activists from NREGA Sangharsh Morcha and Peoples' Action for Employment Guarantee (PAEG).

Union Finance Minister Nirmala Sitharaman, on February 1, 2023, earmarked Rs 60,000 crore for MGNREGS — a flagship programme that promises a minimum of 100 days of work.

Nikhil Dey from NREGA Sangharsh Morcha claimed that the budget announcement for the year 2023-24 is an assault on people's right to work.

At least Rs 1.24 lakh crore is required to provide 40 days of work to all the active job card holders, Dey said while addressing a press conference in Delhi on February 6.

Ahead of the budget, the activists had demanded the Centre allocate a higher budget of Rs 2.72 lakh crore to enable workers to get employment for 100 days.

"At present, the pending liabilities have reached Rs 17,000 crore and the current budget failed to consider the additional funds or current inflation," he said.

This meagre allocation will impact timely wage payment, demand for work and creation of quality assets, Dey said.

“If the remaining Rs 50,600 crore is disbursed to 16 crore registered households (HHs), the number of workdays will further reduce to 10,” he explained.

The allocation is by far the lowest in the history of MGNREGA in terms of Gross Domestic Product — down to 0.198 per cent of the GDP.

“The unjust allocation by the Modi government is an assault on the rights of rural workers and is a step towards killing the programme,” Dey added.

The activist alleged that the Union government has consistently resorted to unnecessary technical tinkering instead of providing adequate funds.

“The mandatory National Mobile Monitoring System application for registering workers’ attendance from January 2023 is one such anti-worker intervention,” he said.

After receiving backlash on the decision, the central government issued clarifications claiming that MGNREGS is a demand-driven scheme and the budget can be revised later.

However, such assurances are hollow as the government has failed to make additional allocations through rural employment schemes, the activist said.

“In 2022, for instance, additional demand of Rs 25,000 crore was made in November while the government has only now made provision for Rs 16,000 crore through rural employment,” he said.

West Bengal, which accounts for 10 per cent of the workers and budget of MGNREGA, has not received any funds for over a year. Dey said the Union budget of 2023-24 is insensitive towards the needs of the majority of the people who are still striving to earn a decent livelihood. Instead, it focuses more on reviving the economy of big corporate companies. <https://www.downtoearth.org.in/news/governance/budget-2023-24-fund-allocated-for-mgnrega-can-provide-just-17-days-of-work-87554>

15. The big picture behind the MNREGA cut ([livemint.com](https://www.livemint.com)) Feb 9, 2023

Is the government killing the rural employment guarantee scheme by slashing its budget allocation? Yes, says the opposition, while the government points out the final MNREGA outlay can be revised later based on aggregate rural jobs demand.

The budget has cut the outlay for MNREGA, but has sharply raised spending on other rural development schemes like PM Awaas Yojana and Jal Jeevan Mission, indicating that the focus is clearly on building durable rural assets.

This targeted rural capex can not only create jobs but also have a multiplier effect, boosting long-term rural growth. MNREGA has been more a demand-driven employment programme than a tool for creating durable assets, and the scheme needs a course correction. It is not a free cash transfer scheme and has a wide mandate – from building water conservation structures to roads and toilets.

The controversy around MNREGA

Finance minister Nirmala Sitharaman sharply cut the budget for the rural employment scheme in the latest budget. Only about ₹60,000 crore has been allocated to MNREGA this year, about 33% below the revised budget estimates for the scheme in this fiscal. It's also much lower than the ₹73,000 crore estimated for the scheme in last year's budget.

The decision has enraged the opposition and social activists, who have accused the government of "killing the law". In fact, the Peoples' Action for Employment Guarantee and the NREGA Sangharsh Morcha estimated the scheme needs an outlay of ₹2.72 trillion to provide the promised 100-days employment to all households covered under the law this year.

The government's defence

The government appears to have made a three-pronged argument in its defence. First, MNREGA is a demand-driven employment guarantee scheme and the actual expenditure can be much higher than what has been budgeted. For instance, in FY22, the Centre spent about ₹98,500 crore on MNREGA, while the budgeted amount was ₹73,000 crore. In FY21, the corresponding figures were ₹1.1 trillion and ₹61,500 crore.

Second, the government said it has opened avenues for job creation in rural India through other schemes. The allocation for PM Awaas Yojana-Gramin (PMAY-G) was the highest ever at almost ₹54,500 crore while the outlay for Jal Jeevan Mission (JJM) has gone up from ₹60,000 crore to ₹70,000 crore.

Third, it is argued that many rural workers will return to cities with the pandemic receding, reducing job demand under MNREGA.

The big picture

Beyond the obvious and the stated position of the government, Prime Minister Narendra Modi and his team appear to be making an effort to reorient and overhaul the Centre's schemes for rural India with an emphasis on durable asset creation.

At the moment, MNREGA follows the 60:40 rule – while 60% of the funds are reserved for wages, another 40% is meant for material to create assets. However, many states, including some of the more developed states in the south, have been spending far more on wages. In some fiscal years, the national average wage component in MNREGA was over 70% and the rest reserved for material.

In a research paper on MNREGA in 2020, The Institute for Social and Economic Change, Bangalore observed: "In this proportion, it may be difficult to make durable and sustainable assets. Moreover, no resource is earmarked for the maintenance of such assets and so, the assets created under MGNREGA are of poor quality and often deteriorated very fast."

In fact, in some years, states like Tamil Nadu and Kerala have spent less than 10% on materials. It's woefully inadequate, given the sweeping mandate of MNREGA – from water conservation and water harvesting structures to building roads and houses, and land development works.

Modi's thrust on rural capex

The Centre is likely worried that not enough stress was given to creating durable assets under MNREGA that could have a multiplier effect, creating demand and lifting standards of living over the long term in large swathes of rural India. For instance, building roads deep inside rural India could connect remote areas to bigger towns and cities, giving a fillip to economic activity.

Inadequate stress on asset creation under MNREGA will make it a free cash transfer scheme and that in the long run is unsustainable, even undesirable. A fast-growing economy should be creating enough jobs for all.

It also explains the greater outlays to PMAY-G and the JJM. These schemes are focused on building durable assets in the rural areas – they hope to create jobs in the near term and raise standards of living over the long term. PMAY-G targets 'Housing for All' while JJM hopes to create a robust water supply infrastructure and give every rural household a functional tap connection.

All this fits in well into the Modi government's planned capex thrust. Schemes like PMAY-G and JJM will boost rural capex. A reorientation of the MGNREGA will also spur long-term job creation in rural India. <https://www.livemint.com/opinion/online-views/mint-explainer-the-big-picture-behind-the-mnrega-cut-11675933022032.html>

16. Of Rs 422 crore Swachh Bharat funds, Rs 199 crore used in 5 years in Punjab (timesofindia.indiatimes.com) Feb 9, 2023

CHANDIGARH: Out of the total Rs 422 crore released by the central government during the last five years under the Swachh Bharat Mission (Urban) to achieve garbage-free status for all cities and eradication of open defecation, Punjab could hardly use Rs 199 crore.

Though under the Swachh Bharat Mission (Urban) 2.0, the central allocation to Punjab is Rs 1,054 crore for five years till 2025-26, central share funds amounting to only Rs 193 crore released by the Centre have been claimed by the state. Union minister of state for housing and urban affairs Kaushal Kishore shared this information in the Rajya Sabha during the ongoing budget session of Parliament while replying to a question raised by Punjab MP Vikramjit Singh Sahney.

The fund-sharing pattern between the Centre and states for Swachh Bharat Mission (Urban) 2.0, is 25:75 for cities with a population of over 10 lakh, 33:67 for cities with a population between 1-10 lakh, and 50:50 for cities having less than one lakh population. The cash-starved Punjab government had failed to contribute its share in many central government schemes in the past.

The Swachh Bharat Mission (Urban) 2.0 has been launched with the vision of achieving garbage-free status for all cities through segregation of waste from all households and premises, 100% door-to-door collection and 100% scientific management, including safe disposal in scientific landfills. The mission also emphasizes that all legacy dumpsites are remediated and converted into green zones, said the Union minister.

The Swachh Bharat Mission (Urban) was initially launched on October 2, 2014. The central government's share under this scheme is released to the concerned state governments and UTs,

which further allocate funds to urban local bodies as per the action plan approved by the state high power committee and state-level technical committee. <https://timesofindia.indiatimes.com/city/chandigarh/of-422cr-swachh-bharat-funds-199cr-used-in-5-yrs/articleshow/97753303.cms>