NEWS ITEMS ON CAG/ AUDIT REPORTS (18.02.2023 to 20.02.2023)

1. Don't dig up the past to validate tales of today *(newindianexpress.com)* Feb 18, 2023

In a 2013 audit, the Comptroller and Auditor General of India noted that heritage structures were also going missing.

Looks like history is going to make news. In 2021–22, the fortunes of the Ministry of Culture had dwindled with a cut of 15% in the Union Budget, which committed more to the 'art and culture' category than others. Last year, the ministry recovered with a raise of 11.9%, and the focus turned to archaeology and celebrations—like Azadi ka Amrit Mahotsav, which it runs. This year's budget establishes archaeology as the ministry's lead project, with the Archaeological Survey of India (ASI) bagging a third of the ministry's outlay.

ASI's list of digs for the year, announced this week, includes sites where new ground is being broken, like Keezhadi in Tamil Nadu, which has turned the clock back on the Sangam period, and happy hunting grounds like the Purana Qila in Delhi, where the veteran archaeologist B B Lal catalogued the Painted Grey Ware period, which came to be called the Mahabharata period. Thankfully, the Ram Setu controversy is not going to be revisited, and the squirrel in the Ramayana who contributed a few grains of sand to the project can rest in peace.

More financial backing for Indian archaeology has been overdue for decades, in which the only sign of the ASI at many important ruins was just that—a Chelpark-blue board threatening vandals with dire consequences. It had no effect, and ruins are liberally scrawled with the names of India's leading vandals and their girlfriends etched in stone.

In a 2013 audit, the Comptroller and Auditor General of India noted that heritage structures were also going missing. Its survey that tracked nearly half of the 3,693 centrally protected monuments listed 92 which had vanished from sight. The reasons for these forced disappearances are numerous, ranging from government action—submergence by new dams or being paved over by highways—to unplanned urban development, in which someone's tomb may be slowly absorbed into someone else's kitchen. But lack of funds is the most common culprit—Razia Sultana, one of the most discussed women in history, sleeps in a nondescript grave in Delhi because the mosque to which it is attached could never afford its upkeep.

The subcontinent has been under-excavated, unlike countries like the UK. Over there, the people are stakeholders in the project of unearthing the past and actively report finds unearthed in the course of development, even if it slows down projects. Even misguided enthusiasts help to mainstream history. For instance, the early 20th-century theory of 'ley lines' connecting megalithic sites like Stonehenge with each other was rejected by formal historians, but it focused enormous public interest on the remote past.

In India, on the other hand, the past is visible everywhere, but few people care about it. More intensive archaeology might increase public interest by telling the stories of the ruins, but some stories which establish identity need careful handling. Origin stories become compelling when archaeology validates the epics and other ancient literature. Troy would not have been discovered but for the doggedness of Heinrich Schliemann, a student of languages actually and, thereby of the epics. Its discovery validated the Homeric record as history set in a real landscape.

However, in Europe, the Enlightenment had established Greece as the mother culture long before the discovery of Troy turned literature into history. It was only a final validation of a universally accepted theory at a time when classical Greek was required reading in European higher education. In India, on the other hand, there is a political project to impose an origin story upon a remote past whose validity is yet to be established beyond doubt and to insist that all history that followed, like the Islamic empires, were corruptions of the original truth of a Golden Age.

History—and especially prehistory—is rarely so clear-cut. Fresh truths are constantly emerging as science re-reads the evidence with new tools. For instance, developments in climate science question old theories of invasion and conquest, and now it looks like climate change was a significant factor in the rise and fall of cultures. Paleogenetics reliably maps the spread of populations in the remote past and often does not support traditionally accepted theories.

The search for origin stories, like the proposed digs at Purana Qila, calls for two caveats. One that there is no immutable truth in history—we do not know the whole story, only the story so far. It is constantly reinterpreted as fresh information emerges with the help of new technologies. And two, in an illiberal majoritarian culture, origin stories easily become founding myths of a dominant race. In 20th-century Europe, the myth that blonde-haired, blue-eyed Aryans are the original, superior race easily took hold in the popular imagination. Never mind that the genetic mutation which allows this recessive trait to be expressed happened no more than 6,000–10,000 years ago. Before that, everyone on earth had dark hair and eyes.

In India, the same myth of Aryan dominance has prevailed, minus the blonde and blue special effects. It's no less potent for that, and fairness creams sell very well because, illogically, colour matters to us. Earlier, Indian archaeologists had become tools in the hands of the majoritarian cultural project. Now that they are getting the state financial backing they have always craved, it is important to remember that their job is not to validate anyone's theory about group origins. It is to interpret the remains of times past with the methods of science, not of politics. https://www.newindianexpress.com/opinions/2023/feb/18/dont-dig-up-the-past-to-validate-tales-of-today-2548394.html

2. How ASI-protected 460-year Katora Houz at Golconda Fort is turning into a cesspool *(awazthevoice.in)* Feb 18, 2023

The heritage site of Katora Houz is in utter neglect. Flouting the heritage status of the monument, the Lake is being turned into a landfill leading to its slow death. The 460-year tank at Golconda, built by the Qutub Shahi rulers, as a freshwater storage tank resembled a septic tank.

Once the elixir for the people of Hyderabad under Qutub Shahi Kings the travelers was wowed by the Lake's majestic view, overlooking a beautiful plateau with a perfect view of the horizon. The 5 am sun peaking through the Golconda Fort was one of the most stunning views to capture.

According to B.V. Subba Rao, an expert on Lakes, the lake is an example of historic water management of this country but sadly it is dying as garbage from the nearby residential areas is being dumped into it. The foul smell emanating from it is sickening. Although the site is protected by the Archeological Survey of India, little is being done to preserve it.

Subba Rao is also a technical member of the Water Domain Bureau of Indian Standards, Technical Advisor Water Institute Bengaluru University.

He says that Katora Houz is a four-acre perfectly symmetrical man-made lake. This reservoir was filled with water from the Talab-e –Durg (now Durgam Cheruvu). The name Katora Houze (Cup Cistern) reflects the ambitious propensities of its builders. The Houz is 10 feet deep and is bordered by lime-plastered arches and staircases arranged at the height of three feet each.

A fountain is located in the center to mark the axis of the structure. It was constructed in 1560, during the reign of Ibrahim Qutab Shah (1550-80) the third of the Qutb Shah dynasty which founded Hyderabad (1591).

Trash and garbage from the neighbourhood is killing the Katora Houz

Before Hyderabad was built, the Golconda fort used to be a walled city, and several lakes such as Katora Houz (Meaning fountain) were also constructed. Katora Houz is part of the Golconda Fort. The interesting fact is the Quli Qutab Shah too were far-sighted in their vision and initiated constructing water conservation projects in those days with long-term planning. The water bodies constructed near the Golconda Fort were self-reliant in so far as water management was concerned.

Apart from Katora Houz, there was Shatam Talab and outside the Fort, there was Langar Houz. The Quli Qutab Shah’s not only focused on the architecture of the fort but also on scientific aspects of water management. All along the compound wall of the Fort, there is a water conduit for safety. In case anybody falls from the Fort he will fall into the water Kalian and remain unhurt.

The water management was designed so well that they could rotate water and sanitation to the first floor of the fort –an unheard aspect in those days.

Durgam Cheruvu which filled the Katora Houz reservoir was known for its engineering marvel. There was a terracotta underground concealed water pipe from Durgam Cheruvu to the Fort. No one was aware of this secret water pipe. History goes that when Aurangzeb invaded the Fort he could not enter the fort for six months and wondered how could the people inside the Fort survive without water and ration, This was because of the concealed water pipeline which supported the food production and water requirements of the inmates of the Fort.

Today these water bodies are in a morbid state. While ASI and Tourism Department renovates only the physical structures and landscape they have never focused on the Engineering geniuses of the then water management system.”

These unique engineering marvels are our heritage and both the Constitutional and bureaucratic have failed to highlight and preserve these celebrated systems. India is full of such examples be it the Lake view palace in Udaipur there are many such fine examples of water management and conservation. India has been an agrarian economy for more than 5000 years. These water bodies have antiquity behind them. People the Constitutional members and the bureaucracy should all work together to restore them.

Subba Rao alleges that the entrance today is filled with debris, the only stand-alone structure currently standing. It is a water body protected by the ASI as it is part of the Golconda Fort.

The people living around dump garbage in the lake and the GHMC workers set the piles of garbage afire instead of cleaning them. A resident said they have complained several times but things happened.

He said that they have requested the GHMC to fence the place to restrict people from throwing garbage into the lake but no one seems to heed.

Subba Rao said that GHMC must divert sewage from the tank. He said that it is high time the lake is restored by ASI.

Subba Rao said that he and other environmentalists look forward to the restoration of the lake.

A visit to the historic tank reveals heaps of plastic bags, garbage swirling freely with the sewage water, broken fencing, and mosquitoes

Subba Rao said that ASI has not done much to proclaim its heritage status, leave alone reclaim it.

He said that in 2011 ASI initiated the de-silting of the lake and sent representations to the GHMC to organize a proper drainage system for the residential areas surrounding the tank

An ASI superintendent informed us that locals have illegally connected sewerage and stormwater drains to the tank. A few years ago ASI authorities even blocked the drains but the residents reopened the same within days.

A Comptroller and Auditor General's report said the erstwhile state of unified Andhra Pradesh had evolved a state water policy for effective participation of users by way of mandatory development and management of water resources with the involvement of primary stakeholders but after Telangana's formation, the Lake Protection Committee has not made any effort to include the citizens as an important stakeholder in it so far.

Meanwhile, ASI officials said that they will start restoring the lake next week. The State Government has been actively involved in the restoration of many monuments, sites of heritage; lakes, etc, and now this will be one such effort. The ASI officials have said that this they will do by first restoring the steps and peripheral structure of the lake. Fencing will be put up around the lake to restrict people from dumping garbage in the water body. Once it is restored the ASI will look into cleaning part of the lake.

GHMC officials meanwhile said that they will address the issue on priority. https://www.awazthevoice.in/culture-news/how-asi-protected-year-katora-houz-at-golconda-fort-is-turning-into-a-cesspool-19546.html

3. GST compensation dues: State at loggerheads with Centre *(millenniumpost.in)* Feb 19, 2023

In the wake of Union Finance minister Nirmala Sitharaman announcing clearance of GST compensation dues to states in the 49th GST Council meeting, Bengal's Finance minister

Chandrima Bhattacharya has criticised the Centre for continuing to deny Bengal its dues due to alleged non-submission of accountant general (AG) certificates with GST compensation cess claims since 2017-2018.

Sitharaman, during Saturday's meeting, announced the clearance of all GST dues to the tune of Rs 16,982 crore. She categorically said: "In addition, the Centre would also clear the admissible final GST compensation to those states which have provided the revenue figures as certified by the Accountant General." During a media interaction, she reportedly showed that Bengal did not back a single GST compensation claim with AG certificates, unlike six states which have submitted and are hence eligible for clearance.

According to Chandrima Bhattacharya, Bengal did submit its claims with AG certificates for 2017-18 and 2018-19. She said that the claims of the Union Finance minister are not entirely true. She assured Bengal will send AG certificates for the rest of the financial years. She felt that till then the Centre could have cleared the state's dues to some extent. She added that the AG is in control of the Central government. "Why should the state suffer because of a delay on the part of the AG in issuing the certificates?"

Recently, Bhattacharya clarified that the Centre owes more than Rs 2400 crore to Bengal as GST compensation. She said that the compensation amounts released to the state are based on gross revenue. Only for 2017-18 and 2018-19, it was released based on net revenue. If net revenue is considered, the Union government owes Bengal Rs 2,409.96 crore for the rest, she explained.

The state and the Union government have been at loggerheads over funds concerning various sectors, including the MGNREGA scheme where the latter has accused the state of misusing funds. Trinamool Congress government has accused the Centre of "illegally" withholding funds to exact revenge for BJP's defeat in the 2021 Bengal Assembly elections.
https://www.millenniumpost.in/bengal/gst-compensation-dues-state-at-loggerheads-with-centre-509191

4. GST Council to clear Rs 17,000 crore compensation due to states *(newindianexpress.com)* 19 February 2023

The GST Council, in its 49th meeting on Saturday decided to clear the compensation dues of states till June 2022, except for instances where mandatory AG (Accountant General) certificates have not been submitted.

The Council has decided to transfer the states Rs 16,982 crore pending GST compensation for June 2022. Addressing the media after the GST Council meeting, Finance Minister Nirmala Sitharaman said though there is no amount in the GST compensation Fund, the Centre has decided to release this amount from its own resources and the same would be recouped from the future compensation cess collection.

The Centre is liable to pay GST compensation to states only till June 2022. The Cess would be collected to recover the compensation paid to states till June 2022 over and above the collection of Cess during the period. The Council on Saturday decided that the Centre would clear the admissible final GST compensation of Rs 16,524 crore to six states, which have provided revenue figures as certified by Accountant Generals of the states. https://www.newindianexpress.com/business/2023/feb/19/gst-council-to-clear-rs-17000crore-compensation-due-to-states-2548735.html

5. Tourism, power ministers of G20 nations to attend meets in Goa *(timesofindia.indiatimes.com)* Feb 18, 2023

PANAJI: As part of the G20 summit, Goa will host a summit of Supreme Audit Institutions (SAI) 20 in July. The SAI20 is aimed at bringing together an ecosystem wherein SAIs are active partners in governance, promoting transparency and accountability, a senior officer said.

The state is gearing up to host eight meetings of the G20 summit, including four high-level meetings. Tourism and power ministers of G20 countries will attend the meetings in Goa.

The SAI20 summit will be chaired by the Comptroller and Auditor General of India (CAG) and will be attended by the senior representatives of equivalent institutions of G20 countries, the officer said.

The meetings have been scheduled over a period of four months beginning April and it will end in July. The other meetings include those pertaining to tourism, health, clean energy and finance, among others.

The first meeting will be of the second health working group from April 17 to 19 and delegates, including secretaries and diplomats of G20 countries, will attend the same. The fourth tourism working group meeting will be held from June 19 to June 22 and tourism ministers of G20 countries will attend the same.

The fourth energy working group meeting followed by the clean energy ministers meeting will be held from July 19 to July 22. The power ministers of G20 countries will attend the same.

The third international financial architect working group meeting will be held from June 5 to 7. The meeting will be attended by senior representatives of the World Bank, International Monetary Fund, Organisation for Economic Cooperation and Development, World Trade Organisation and Asia Development Bank, among others. A senior officer said that as India holds the G20 presidency it has invited some financial institutions which are not part of the G20 countries.

"It is important for Goa, being a small state, because the state is hosting eight meetings on subjects like tourism, health, education and sustainability, among others. Most of these meetings will be held at a starred hotel at Bambolim," chief minister Pramod Sawant had said.

The chief minister had said that the G20 summit meetings will help Goa tourism in a big way. "Because G20 countries contribute 80% of the world's GDP, we will make efforts to get benefits from the summit to boost tourism in the state," Sawant had said. https://timesofindia.indiatimes.com/city/goa/tourism-power-ministers-of-g20-nations-to-attend-meets-in-goa/articleshow/98036637.cms

6. Deputy comptroller and auditor general, Railway visits BLW *(timesofindia.indiatimes.com)* Feb 18, 2023

Varanasi: The deputy comptroller and auditor general, Railways, Ila Singh visited Banaras Locomotive Works on Friday. The BLW general manager, Prabir Kumar Saha gave a detailed presentation on the BLW loco production activities through a power point presentation. After the meeting, Singh and her team visited the workshop to see the ongoing production activities in BLW. She also visited the loco test frame shop, loco assembly shop, loco shop and inspected the works related to the construction of diesel and electric locomotives. https://timesofindia.indiatimes.com/city/varanasi/deputy-comptroller-and-auditor-general-railway-visits-blw/articleshow/98032909.cms?from=mdr

7. How India's Fiscal Rules Strike a Balance between Two Extremes? *(kashmirlife.net)* February 19, 2023

In a developing country like India, the role of the state is more nuanced. On one hand, the state must meet the development aspirations of the diverse population, but it also has to ensure macroeconomic stability to avoid situations like the 1991 crisis or the more recent 2013 fragile five. Striking a balance between the two remains not only a critical question but also imperative for a state like India.

After the disintegration of the USSR, there emerged a kind of consensus that markets are the primary drivers of prosperity and economic growth. This, however, does not mean that there is no role for the government, which continues to play its role through regulatory, monetary, and fiscal policies. But the government's intervention in the monetary sphere should be transparent. In light of this view, rule-based policies started gaining traction in both monetary and fiscal aspects.

In the fiscal sphere, broadly four main types of rules exist- the expenditure rule, the revenue rule, the budget balance rule, and the debt rule. The countries either adopt all four rules or a few among them. While the budget balance rule focused on the balance between total revenues and expenditures, the debt rule imposed an explicit limit on public debt. The expenditure rule placed a limit on overall spending. The revenue rules are primarily concerned with the appropriate use of excess revenues.

India adopted the Fiscal Deficit and Budgetary Management (FRBM) Act, 2003 (balance budget rule) on the recommendations of the Sarma committee. The act specified three main objectives- ensure intergenerational equity, fiscal sustainability and transparency in fiscal operations.

To achieve these objectives, the act proposed that the fiscal deficit be progressively reduced to 3 per cent of GDP for each central and state government. The rule did indeed help to contain the fiscal deficit, which was 6.2 per cent of GDP in 2002-03 but decreased to 4 per cent (of which the central government deficit was 2.54 per cent) at the end of 2007-08. The global financial crisis disrupted the fiscal consolidation plan and subsequently, the fiscal rules were suspended until 2011–12. As a result, the combined fiscal deficit in 2009-10 increased to 9.3 percent. In 2010–11, it declined to 4.8 per cent but again increased in the next year to 5.91 per cent.

The Vijay Kelkar committee (2012) was constituted to recommend mid-term corrections and reforms for medium-term fiscal consolidation. The committee recommended the fiscal deficit of 4.8, 4.2, 3.6 and 3 per cent targets for the next four years starting from 2013-14 onwards. In 2013-14, the fiscal deficit was within the target as laid down by the fiscal consolidation plan. But a closer look reveals that it was more of an arithmetic trick than actual consolidation. The fiscal deficit target was achieved by reducing planned expenditures and deferring the payment for oil subsidies to the next fiscal year.

From 2014-15 to 2017-18, the fiscal position improved considerably due to improvements on the revenue side also. The income tax-to-GDP ratio witnessed an increase from 2.1 to 2.6 per cent. Moreover, the sharp decline in crude oil prices enabled the government to find a new way to raise money by raising the excise taxes on petrol and diesel. Further, the subsidies, on diesel were reduced. It was due to these measures that the fiscal deficit in 2017 declined to 3.46 per cent as reported to Parliament. However, the Comptroller and Auditor General (CAG) notified the Finance Commission that the fiscal deficit (centre) in 2017-18 was 5.85 per cent. The government has relied on off-budget borrowings to contain the fiscal deficit.

The fiscal rules have also undergone changes as it was felt that a single rule cannot help to achieve various objectives like fiscal sustainability, economic stabilisation and size of government debt. To keep pace with best international practices, Finance Minister in 2016, while presenting the budget, informed the parliament that there was a need for a review of the FRBM Act, saying, "While remaining committed to fiscal prudence and consolidation, a time has come to review the workings of the FRBM Act, especially in the context of the uncertainty and volatility that have become the new norms of the global economy. I, therefore, propose to constitute a committee to review the implementation of the FRBM Act and give its recommendations on the way forward".

Subsequently, the committee under NK Singh was constituted. The committee recommended using debt as the primary target of fiscal policy, with a debt-to-GDP ratio of 60 per cent (40 per cent for the centre and 20 per cent for states) to be achieved by 2022-23. It also suggested reducing fiscal and revenue deficits to 2.5 per cent and 0.8 per cent, respectively, by the same period, with an escape clause for temporarily relaxing or suspending the target, but with clear specifications and restrictions on government notifications.

Then, the COVID-19 pandemic struck, and governments all across the world adopted expansionary fiscal policies, including India. The fiscal deficit (centre) again increased and reached an all-time high of 9.18 per cent in 2020–21; it is now on a declining trend but still higher than the combined target of 6 per cent. The government is mentioning the much-touted "glide path". Yet, throughout the past two decades, such a glide path has been nowhere in sight. Instead, the path looks more erratic, like the snake and ladder game, except that here the snake (bad times) takes you higher and the ladder (good times) helps you to come down, but nowhere to the target.

Similarly, the unequal targets for states and the centre for debt but with a similar target for deficit are creating tensions, as highlighted by Roy and Kotia. This has made the debt sustainability of states an issue. This is evident from the current debt levels. Except for Maharashtra (17.9 per cent), Gujarat (19.0 per cent) and Odisha (which is 18.8 per cent), every state has a higher than 20 per cent debt-GDP ratio, with the highest ratio in Punjab (53.3 per cent). The current central government Debt-GDP ratio is 56.7 per cent and that of the general government (centre and state combined) debt-GDP ratio is 84 per cent. Therefore, there is a need to address this anomaly on an urgent basis and in consultation with states.

Conclusion

The containment of fiscal deficit targets can be achieved by cutting unnecessary expenditures. Also, fiscal consolidation can be realistic and meaningful only when revenues are increased. Otherwise, as stressed by the Sarma Committee (2000), without this golden rule, fiscal consolidation could lead to a disproportionately large compression of capital assets.

The under-reporting of the fiscal deficit needs to avoid, as it gives a false sense of security. Additionally, it conveys the wrong message to foreign investors for being uncertain and opaque on key policy measures. The current budget has allocated a higher share to capital expenditure which is a step in the right direction. Besides, the recent budget is optimistic about meeting its fiscal target in the coming year. Only time will tell whether these targets are overly optimistic or achievable. https://kashmirlife.net/why-indias-fiscal-rules-strike-a-balance-between-two-extremes-310715/

8. How building school toilets can keep our girls in school *(forbesindia.com)* Feb 17, 2023

Across the country, if one were to visit Anganwadis, one would see a healthy mix of little girls and boys taking their first steps towards a life of learning. Over time, unfortunately, the number of girls in the class dwindles owing to many socio-economic hurdles, and only the most persistent ones make it to the finish line. But receiving an education shouldn't be made so challenging for anyone. If we want our children—specifically our girls—to go to school and stay in school, we must start by identifying the reasons why they drop out in the first place. Lack of toilets, among others, is one.

A clean, functional toilet is what many of us take for granted in an urban home and school. But it is a basic right denied to so many in India's villages. A 2020 survey of 1,967 co-educational government schools found that 40 percent of toilets in these schools were either non-existent or simply unused. Close to 72 percent had no running water (2020 survey of the Comptroller and Auditor General of India (CAG). The lack of an efficient sanitation infrastructure directly impacts education, especially for girls. According to a report by Dasra, a strategic philanthropy organisation, titled Dignity for Her, "Girls tend to miss school six days a month on average due to the inability to manage their periods at school. This eventually contributes to almost 23 percent of girls dropping out of school on reaching puberty, which critically undermines their potential as individuals and future workers." This is a worrying number for a country with a youth population like ours.

Girls, especially menstruating girls, bear the brunt of the lack of sanitation infrastructure more than their male counterparts. In most remote villages, the women have to walk long distances into the field at odd hours to relieve themselves. The infrequency causes a strain on the bladder, making them prone to UTI (Urinary Tract Infections) and kidney problems. Sometimes to avoid taking the trek, women consume less water, leading to dehydration. Seeking isolated spots at odd hours to ensure privacy also means they are susceptible to snake attacks and, in some cases, abduction and sexual harassment.

Of course, the overall impact of lack of sanitation is much larger. Open defecation throws open the gates to water and vector-borne diseases such as diarrhoea, which children with low immunity are easy suspects to. There is an economic cost too. The World Bank, a few years ago, estimated that inadequate sanitation causes India economic losses to the tune of $53.8 billion—close to 6.4 percent of its GDP. The losses are incurred due to premature deaths, cost of treatment, loss of productive work hours due to sickness and so on.

To ensure effective School Sanitation Programs (SSPs), we must ensure the following:

1) Build separate toilets- Schools for secondary division must have separate toilets for girls and boys, with additional arrangements for menstrual hygiene. Apart from this, ensure that adequate sanitation facilities are provided from the Anganwadi/primary level.

2) Engage with the community- This includes training and sensitising the School Management Committee (SMC), frontline workers such as Anganwadi Sevikas and ASHA workers, parents, teachers, and principals on the cause of sanitation. Involving all the stakeholders goes a long way in ensuring the sustainability of a project. There must be clear ownership of the maintenance of toilets, and it must become an essential part of the sanitation routine.

3) Create healthy competition- The government's Swacch Vidyalaya Puraskar is a good way to encourage schools to focus on their sanitation and foster healthy competition among them.

4) Communicate better- We must create awareness of the impact that healthy hygiene habits can have on one's quality of life. Highlight that washing hands can reduce the incidence of diarrhoea and other vector-borne diseases, thereby bringing down mortality rates in rural areas and the cost incurred in healthcare. As the Pandemic showed us, children make for excellent ambassadors of social change, compelling adults to join the cause.

Lastly, as in the case of any worthy developmental cause, the social sector, corporate sector and the local administration must work hand-in-hand to leverage their strengths, resources and insights to benefit our villages, schools and rural communities and empower them to transform their lives. https://www.forbesindia.com/blog/public-good/how-building-school-toilets-can-keep-our-girls-in-school/

9. Activist demands probe into G'varam Port sale to Adani *(bizzbuzz.new)* February 20, 2023

Visakhapatnam: A social activist and former IAS officer has asked CAG to conduct an independent probe into loss caused to the exchequer due to the Andhra Pradesh Government's decision to sell its 10.4 per cent share in Gangavaram Port Limited to the Adani Group for Rs 644 crore.

In a representation submitted to CAG G C Murmu, E A S Sarma, who served as Secretary in Government of India in various positions, pointed out on Sunday that the AP Government sold its 10.4 per cent equity share in Gangavaram Port to the Adani Group in mid-2021 for Rs 120 per share, at a total value of Rs 644 crore without going through any competitive bidding procedure as required by the Centre's disinvestment guidelines, thus deliberately allowing the transaction to be non-transparent, apparently to benefit the buyer (Adani Group).

The Gangavaram Port is a minor port set up over an extent of over 1800 acres originally acquired by the State Government for RINL's Visakhapatnam Steel Plant, the market value of which would exceed Rs 10 crore per acre. Such a highly valuable stretch of land was allotted to Gangavaram Port promoted by private developers, at a nominal value. The port has the strategic advantage of being the gateway for the steel plant, readily acquiring a captive market without any effort. In other words, the State Government's equity share in Gangavaram has a special value in terms of the location of the port adjacent to the steel plant, he said.

Sarma said in the e-mail complaint that initially the Adani Group acquired Warburg Pincus's equity share of 31.5 per cent and the promoter's equity share of 58.1 per cent, apparently at Rs 120 per share though those transactions remained wholly non-transparent, especially in view of the Adani Ports SEZ (APSEZ) offering equity shares in itself to both Warburg Pincus and the promoters of Gangavaram Port.

Keeping these developments in view, the State Government ought to have retained its own equity share in the port, in view of its strategic location. Perhaps under extraneous pressure, it rushed into selling its own equity share of 10.4 per cent to the Adani Group at the same price, without even attempting to go through a competitive bid process and without making an independent assessment of the true value of Gangavaram Port, its location and its assets, he stated.

"There have been reports that suggest the value of Gangavaram Port to be far higher than the value reflected by a share value of Rs 120 at which all the three original shareholders, namely, Warburg Pincus, the D V S Raju family that promoted the port and the government sold their respective shares," the former bureaucrat said. https://www.bizzbuzz.news/economy/activist-demands-probe-into-gvaram-port-sale-to-adani-1199236

STATES NEWS ITEMS

10. Need to probe into avoidable expenses by health dept: CAG to Mizoram govt *(business-standard.com, theprint.in)* February 17, 2023

The Comptroller and Auditor General of India (CAG) has observed that there is a need to investigate into avoidable expenditure of Rs 5.3 crore incurred by the Mizoram health and family welfare department.

The CAG report tabled in the assembly by Chief Minister Zoramthanga on Thursday said that the Directorate of Hospital and Medical Education (DHME) had entered into a memorandum of understanding with Intergen Energy Limited (IGEL) in 2012 for the installation of renewable energy and water treatment plants at nine hospitals based on suo-motu proposals submitted by the Delhi-based firm.

According to records of the DHME, water treatment plants were installed by the firm in five hospitals at a total cost of Rs 50 lakh and payments were made to the entity between March 2012 and February 2014, the report said.

The private entity provided water to four hospitals for a short duration, ranging from four months to two years, and failed to supply water to a hospital even though the MoU stated that the company will ensure an uninterrupted water supply suitable for drinking for a period of 10 years after installations, the CAG said in its report.

In spite of the penalty provision in the agreement, the health department did not take steps against the IGEL and instead, entered into another pact in June 2019, the auditor said.

According to the new agreement, the previous MoU was terminated and the DHME would purchase the system or equipment installed in the five hospitals at the cost of Rs 9 crore in three instalments.

The DHME paid Rs 4.80 crore (Rs 3 crore in July 2019 and Rs 1.8 crore in December 2020) as the first and second instalments, the CAG report claimed.

However, treated water was not supplied to the five health facilities, including Aizawl hospital and the state referral hospital at Falkawn near the state capital, since May 2020, after signing the buy-back agreement, it said.

The CAG also observed that all the hospitals were getting water supplied on priority by the state public health engineering department and there was "no insufficiency" in the supply of water to the hospitals before or during the period of MoU with IGEL.

The auditor said that the expenses totalling Rs 5.3 crore incurred on the installation of water treatment plants and buy-back agreement was avoidable as there was no water scarcity in the hospitals prior to the signing of the agreements.

It further said that the department not only made an "avoidable expenditure of Rs 5.3 crore but also created liability of Rs 4.20 crore".

"The state government needs to investigate the matter and take action against the officials responsible for not invoking penalty provisions in time, signing an unnecessary buy-back agreement and spending Rs. 5.3 crore as well as creating a further liability of Rs 4.2 crore," the report said.

It also said that the engagement of IGEL was "arbitrary" and "the proposal of the firm was agreed to by the department without ascertaining the actual need for water supply in the hospitals".

The Congress was in power in the state between 2008 and 2018, while the ruling Mizo National Front (MNF) assumed power in December 2018. Congress leaders could not be reached for comments. https://www.business-standard.com/article/current-affairs/need-to-probe-into-avoidable-expenses-by-health-dept-cag-to-mizoram-govt-123021700659_1.html

11. कैग ने मिजोरम सरकार से कहा, स्वास्थ्य विभाग के टालने योग्य खर्चों की जांच जरूरी *(hindi.theprint.in)* 17 February, 2023

भारत के नियंत्रक और महालेखा परीक्षक (कैग) ने मिजोरम सरकार से कहा है कि राज्य के स्वास्थ्य और परिवार कल्याण विभाग द्वारा 5.3 करोड़ रुपये के ”टालने योग्य खर्चों” की जांच जरूरी है।

मुख्यमंत्री जोरमथांगा ने बृहस्पतिवार को विधानसभा में कैग की रिपोर्ट पेश की। इसमें कहा गया है कि चिकित्सालय एवं चिकित्सा शिक्षा निदेशालय (डीएचएमई) ने नौ अस्पतालों में नवीकरणीय ऊर्जा और जल उपचार संयंत्र की स्थापना के लिए 2012 में इंटरजेन एनर्जी लिमिटेड (आईजीईएल) के साथ एक सहमति पत्र पर हस्ताक्षर किए थे। यह समझौता दिल्ली स्थित फर्म द्वारा दिए गए प्रस्तावों के आधार पर किया गया।

डीएचएमई के रिकॉर्ड के अनुसार फर्म ने पांच अस्पतालों में 50 लाख रुपये की कुल लागत से जल उपचार संयंत्र स्थापित किए। कंपनी को मार्च 2012 और फरवरी 2014 के बीच भुगतान किया गया।

दिल्ली स्थित कंपनी ने चार अस्पतालों को चार महीने से लेकर दो साल तक पानी उपलब्ध कराया, और एक अस्पताल को पानी की आपूर्ति करने में विफल रही। दूसरी ओर एमओयू में लिखा है कि कंपनी 10 साल के लिए पीने के पानी की निर्बाध आपूर्ति सुनिश्चित करेगी।

कैग ने अपनी रिपोर्ट में कहा कि समझौते में जुर्माने के प्रावधान के बावजूद स्वास्थ्य विभाग ने आईजीईएल के खिलाफ कदम नहीं उठाया और जून 2019 में एक और समझौता किया। इस बार डीएचएमई ने दो किस्तों में 4.8 करोड़ रुपये का भुगतान किया, हालांकि कंपनी एक बार फिर शर्तों पर खरी नहीं उतरी। https://hindi.theprint.in/india/economy/cag-told-the-mizoram-government-it-is-necessary-to-investigate-the-avoidable-expenses-of-the-health-department/474492/

12. Health Department: अरे! सरकारी एजेंसी ने सरकार को दी ऐसी रिपोर्ट, स्वास्थ्य विभाग के इन खर्चों की जांच की बात आई सामने *(zeenews.india.com)* Feb 17, 2023

Mizoram Government: भारत के नियंत्रक और महालेखा परीक्षक (कैग) ने मिजोरम सरकार को कई अहम बातें कही है. साथ ही कैग ने खर्चों को लेकर भी सरकार को जांच की बात कही है. भारत के नियंत्रक और महालेखा परीक्षक (कैग) ने मिजोरम सरकार से कहा है कि राज्य के स्वास्थ्य और परिवार कल्याण विभाग के जरिए 5.3 करोड़ रुपये के "टालने योग्य खर्चों" की जांच जरूरी है.

कैग की रिपोर्ट

मुख्यमंत्री जोरमथांगा ने गुरुवार को विधानसभा में कैग की रिपोर्ट पेश की. इसमें कहा गया है कि चिकित्सालय एवं चिकित्सा शिक्षा निदेशालय (डीएचएमई) ने नौ अस्पतालों में नवीकरणीय ऊर्जा और जल उपचार संयंत्र की स्थापना के लिए 2012 में इंटरजेन एनर्जी लिमिटेड (आईजी

ईएल) के साथ एक सहमति पत्र पर हस्ताक्षर किए थे. यह समझौता दिल्ली स्थित फर्म के ज रिए दिए गए प्रस्तावों के आधार पर किया गया.

किया भुगतान

डीएचएमई के रिकॉर्ड के अनुसार फर्म ने पांच अस्पतालों में 50 लाख रुपये की कुल लागत से जल उपचार संयंत्र स्थापित किए. कंपनी को मार्च 2012 और फरवरी 2014 के बीच भुगतान किया गया. दिल्ली स्थित कंपनी ने चार अस्पतालों को चार महीने से लेकर दो साल तक पानी उपलब्ध कराया, और एक अस्पताल को पानी की आपूर्ति करने में विफल रही.

स्वास्थ्य विभाग

दूसरी ओर एमओयू में लिखा है कि कंपनी 10 साल के लिए पीने के पानी की निर्बाध आपूर्ति सुनिश्चित करेगी. कैग ने अपनी रिपोर्ट में कहा कि समझौते में जुर्माने के प्रावधान के बावजूद स्वास्थ्य विभाग ने आईजीईएल के खिलाफ कदम नहीं उठाया और जून 2019 में एक और स मझौता किया. इस बार डीएचएमई ने दो किस्तों में 4.8 करोड़ रुपये का भुगतान किया, हालां कि कंपनी एक बार फिर शर्तों पर खरी नहीं उतरी. https://zeenews.india.com/hindi/business/cag-told-the-mizoram-government-it-is-necessary-to-investigate-the-avoidable-expenses-of-the-health-department/1575714

13. No money for Central scholarship scheme for SC/STs: Bihar govt to HC *(indianexpress.com)* February 19, 2023

A 2018-19 Comptroller and Auditor General (CAG) report had flagged the diversion of funds meant for the scheme in Bihar for various construction projects. In 2021, the government had blamed a "technical snag" for not processing applications under the scheme.

Nearly seven years after it discontinued the Centre's Post-Matric Scholarship for Scheduled Caste (SC) and Scheduled Tribe (ST) students, an affidavit filed by the Bihar government in the Patna High Court on February 15 stated "shortage of funds" as the reason for suspending the scheme. The annual scholarship works on a 60:40 Centre-state share.

A 2018-19 Comptroller and Auditor General (CAG) report had flagged the diversion of funds meant for the scheme in Bihar for various construction projects. In 2021, the government had blamed a "technical snag" for not processing applications under the scheme.

The HC, which has been hearing a public interest litigation (PIL) filed by Samastipur resident Rajiv Kumar in December 2022, will now hear the plea on March 24. The scholarship, meant for families with annual incomes of up to Rs 2.5 lakh, seeks to help SC/ST students pursue professional, technical, medical, engineering, management and postgraduate courses. An estimated 5 lakh students are eligible for the scheme in Bihar, where SCs account for 16 per cent of the population and the STs 1 per cent.

Responding to the January 24 HC order to file a counter-affidavit, Bihar SC/ST Welfare Department director Sanjay Kumar Singh stated in an affidavit, "…State of Bihar after taking into careful consideration availability of resources of the State Government, keeping in view the financial burden, Governance Matrix and also keeping in mind that if maximum limit of amount of scholarship was to be increased then in view of the multiplicity of curricula/courses under PMS [Post-Matric Scholarship] Scheme, it would also entail additional burden on State Finances and would also result in similar outgo for Backward Classes and Extremely Backward Classes Welfare."

To a query on why Bihar had not consulted the national panels for SCs and STs before discontinuing the scheme, Singh said it was unnecessary to consult them over a "financial matter". While the affidavit stated that the state has been running a student credit card scheme and a low loan-rate scheme, it did not mention any scholarship meant exclusively for SC/ST students covered under PMS.

The petitioner, who has cited several instances of SC/ST students being forced to mortgage their land or take loans to pay for engineering courses in the absence of the Central scheme, said, "The state government has been inconsistent with its replies. First, it blamed a technical snag on the PMS portal. Now it is citing fund crunch. No other state has discontinued the scheme. I wonder how it is citing fund crunch when it has the money to make bridges."

Finance Department officials declined to speak on the matter.

Bihar's SC/ST welfare department had in 2016 capped the fee under the scholarship saying there was a difference in the tuition of government and private colleges in and outside Bihar. The state had, according to a report by The Indian Express in August 2021, kept the scheme on hold since 2018-19 citing a "technical snag" with the national job portal. According to the 2018-19 CAG report, Bihar had diverted Rs 2,076.99 crore to the state electricity department and given it a loan of Rs 460.84 crore;

Rs 3,081.34 crore was used for major road projects; Rs 1,202.23 crore for constructing embankments and various flood control projects; Rs 1,222.94 crore for medical colleges, and Rs 776.06 crore for constructing various buildings. The Bihar government had agreed with the observations made in the CAG report. https://indianexpress.com/article/cities/patna/no-money-for-central-scholarship-scheme-for-sc-sts-bihar-govt-to-hc-8453419/lite/

14. Doles and tolls *(indiatoday.in)* February 17, 2023

Elections can bring on peculiar behavioural modifications even in the most fiscally prudent politician. Rajasthan and Madhya Pradesh, ruled by bitterly opposed parties like the Congress and BJP, could be mirror images of each other in how its chief ministers have rolled out what could count as lavish gift vouchers. Ashok Gehlot and Shivraj Singh Chouhan, both looking at a tough re-election campaign, have not been averse to erring deeply on the side of profligacy with welfare schemes—even though Gehlot, in the last budget of his third tenure, has managed to project a fiscal deficit of 3.98 per cent, under the mandated 4 per cent, while Shivraj is tempting fate at 4.56 per cent even ahead of his budget. Pinarayi Vijayan's Left Front government in Kerala, meanwhile, is struggling to stave off criticism of saddling a rich state with poor public finances. The three case studies, over the next five pages, cover present events that leave many questions for the future.

Madhya Pradesh

Freebie season

The monsoon is still one whole summer away, but it's raining sops in Madhya Pradesh. That should not surprise you—look only at what will follow the post-monsoon season. An assembly election that's frequently bundled with the set that's called the semi-finals before the big one. And in February, it feels like harvest time already. Political parties are outdoing each other with promises that occupy the full spectrum from genuine welfare to outright freebies—with land to cash to houses, everything being on offer. A lot of the population is not complaining, since they are in line to be beneficiaries, even if the competitive populism is raising eyebrows among neutral economists and sinking hearts among the slender band of taxpayers.

On January 28, Chief Minister Shivraj Singh Chouhan announced that a 'Ladli Behna' scheme would be unveiled very soon. The architect of the 2007-vintage Ladli Laxmi scheme—under which financial support is promised to girls when they attain maturity, and whose success prompted its adoption by other states—said he had been thinking of doing more for his sisters. Under Ladli Behna, a woman above the age of 18 but not belonging to a family that pays income tax will receive Rs 1,000 per month. Finance department mandarins claim they have not been asked to work out the financial burden of the scheme, but preliminary calculations put the annual outflow at Rs 12,000 crore. Around 12 million women are expected to be covered under the scheme, registrations for which are to start on March 8—Women's Day. The payouts are likely to begin in August, around Rakshabandhan.

The Ladli Laxmi scheme, the precursor to Ladli Behna, had yielded political dividends for Chouhan, nationally showcasing him as a successful CM. He's evidently intent on further strengthening his support base among this demographic. Women account for 48 per cent of the 54 million voters in MP.

A few weeks earlier, Chouhan had announced free residential plots to be parcelled out to the poor. The first lot of plots was distributed in Tikamgarh, covering 10,500 beneficiaries, and later in Singrauli district, this time benefitting 25,000 people. The scheme doesn't involve a payout, and land is indeed a plentiful resource in MP, but the cost of the land has been officially estimated at Rs 120 crore in Tikamgarh and Rs 250 crore in Singrauli.

Top sources in the government say there may be an upward revision in the amount paid as part of the CM Kisan Kalyan Yojana. At present, over 8 million small and marginal farmers get Rs 4,000 each annually, besides the Rs 6,000 paid by the Union government under the PM Kisan Samman Nidhi. The state's amount is released in two instalments. How much the new increment will amount to is not yet known. Official sources foresee some initial hiccups as small and marginal farmers—who make up much bigger numbers than medium and large farmers—will be given the raise before the election.

The Congress had, in the run-up to the 2018 assembly election, announced a farm loan waiver. This was to be done in stages and the party claims it will keep its promise in 2023, if voted to power. The party has also announced bringing back the Old Pension Scheme for state government employees—the very promise which put wind in its sail in Himachal Pradesh, and which it is backing elsewhere too. How it will be financed is not known yet. The party has also not estimated the outgo.

A look at MP's finances will not be out of place here. The 2022-23 state budget estimated expenditure at Rs 2.48 lakh crore. This did not include the massive debt repayments that are burgeoning every year. The fiscal deficit was estimated at 4.56 per cent of GSDP—above the 4 per cent deemed permissible by the Centre last year, that too with the consideration that power sector reforms would be introduced. The total liabilities of the state government presently stand at a whopping Rs 3.45 lakh crore and fresh borrowings show no signs of abating.

How are the new sops to be funded? No one has an answer. The state's tax revenues—excise, taxes on fossil fuels, stamps and registrations, mining etc.—stood at Rs 81,613 crore in 2021-22 and are expected to rise to Rs 87,945 crore. Of these, the targeted collection from excise was Rs 13,613 crore for 2022-23. However, former CM Uma Bharati has been running an anti-liquor agenda, demanding prohibition, so that's a narrowing window. The state has to raise additional revenue to fund all the sops. The only avenues open seem to be to hike taxes on fossil fuels or enhance borrowings, neither of which is without complications. But who has the bandwidth to listen to arcane fiscal issues when short-term political survival is itself at stake?
—Rahul Noronha

Rajasthan

Welfare magician
It was meant to be a historical budget, but a bit of history crept in by mistake. Between the sixth and seventh minutes, Chief Minister Ashok Gehlot read out a few announcements from last year's address before he, his staff and the chief whip noticed it and he stopped abruptly, apologising. The embarrassment was compounded by the fact that Gehlot, on the advice of Rahul Gandhi, had arranged for a live telecast of his speech to many schools, colleges and panchayats. The CM, who also holds the finance portfolio, attributed it to clerical error—a page from last year's budget document being accidentally included during binding, a minor blemish in a document otherwise exuding the warm glow of welfarism. The opposition BJP didn't let him escape so easily. Prime Minister Narendra Modi at his rally in Dausa on February 12, finance minister Nirmala Sitharaman in Parliament and ex-chief minister Vasundhara Raje in the assembly on February 10 all took a dig at Gehlot—calling it a reflection of the Congress, its vision and the CM's callousness. Yet, Gehlot bore it manfully and described the criticism as a sign of the strength of his budget—with some rather sweeping proposals.

"Do not call it an election budget. This is the fifth time in a row that I have presented a tax-free budget and it's an extension of my effort to help the masses by building capacity and infrastructure," he told india today. And then he let go a bravura note: "Of course, my budget in 2028 will be an election budget!" In his two earlier tenures, Gehlot had waited till election year to have a proper populist budget—but they went in vain. Neither liberal drought relief nor old age pension saved his government, coming as they did at the last minute (though his second tenure had seen the innovative free generic medicines scheme being rolled out). This time, Gehlot's messaging is unambiguous: he's going to town as a welfare magician who started waving his wand from the very first year. An effective broadcasting of that image is a must for him if he wants to undo some of the damage his infighting with Sachin Pilot has caused party and governance.

In a first-ever post-budget move, chief secretary Usha Sharma issued a letter to all bureaucrats at the level of secretary and above on February 13 asking them to start working on the budget announcements, immediately where only administrative orders were needed, within a fortnight where the concurrence of finance or personnel department was required, and to submit proposals within 15 days where specific financial approvals were mandatory.

The sense of urgency is understandable. There are some massive rollouts: inflation relief, an ambitious medical insurance coverage, major relief on electricity charges, compensation to cattle owners who suffered losses with the lumpy cow disease, a softer cushion on the Centre's Ujjwala scheme, a minimum income guarantee scheme, a Rs 200 crore gig workers relief fund, regularisation of all contractual employees, and extension of free education to boys. But he has to prove his administrative skills in bringing them to life given that the state's record on execution has been patchy. That his dearness/ inflation relief alone will cost Rs 19,000-odd crore in a state with one of India's worst debt-to-GSDP ratios, touching 40 per cent, is secondary for now. What matters to Gehlot is that his largesse wins him a return gift in the shape of a popular vote—or at least that he goes down as a well-meaning, caring chief minister.

Chiranjeevi, his flagship universal insurance policy, has got a major boost, extending floating coverage from Rs 10 lakh to up to Rs 25 lakh, free for all BPL and APL families and for just Rs 850 a year for everyone else. Many private hospitals have been included in the scheme, besides all state-owned ones. Theoretically, this means the state bears almost the entire cost of indoor treatment for everyone almost for free, and that government hospitals provide most medicines and tests—including MRI and high-resolution CT scans where available—for free. The scheme also includes an accidental death coverage of Rs 10 lakh. State hospitals have so far failed to evolve a good mechanism to offer services on par with private hospitals, with numerous complaints of patients being pushed from one window to the other, long queues and lack of medicines. And in private hospitals, patients are often slapped with charges on the grounds that certain treatments are excluded under the scheme. Still, it covers a major part of expensive private treatment. So what if the fisc lands in the trauma ward?

Power is another major area of outreach that will dim the treasury's wattage considerably—100 units per household free, up from 50 units, which translates into savings of approximately Rs 750 a month. In a state where electricity tariffs are among the highest in India, it's a big relief to consumers. About 10 million of them will be getting no bill. Another 1.1 million farmers consuming up to 2,000 units won't be charged either—the earlier limit was 1,000 units. The hitch? The state has yet to release Rs 17,000 crore dues to its power companies, who owed Rs 11,000 crore to the Centre in 2022.

One piece of largesse seems almost meant as a rhetorical answer to the Centre, whose Ujjwala scheme has faced criticism for the fact that prohibitive LPG costs make subsequent refills impossible for targeted families. So Gehlot has decided to offer cylinders at just Rs 500 per unit to 7.6 million families. In a move that will mitigate rural distress on another front, the state will pay Rs 40,000 as compensation for each cow that perished to lumpy cow disease, besides an insurance cover of Rs 40,000 to cover two milch cows—this is estimated to benefit close to two million farmers. Gehlot's budget also lightens the burden on the state's hefty road tax and vehicle registration costs, providing Rs 2,500 relief for a 100cc scooter, Rs 8,000 for an 800cc car and up to Rs 20,000 for a diesel vehicle.

The minimum social security pension has been doubled to a thousand. Gehlot will also roll out Rahul Gandhi's 2019 election promise of a minimum guaranteed income scheme, most likely by merging various state employment guarantees and related schemes to introduce a comprehensive social security-linked monthly income. Amid BJP criticism that his schemes will remain on paper, he said he was setting an example for the Centre to implement all over the country. "The Centre gives us Rs 300 crore, but we spend Rs 9,000 crore on pension to the needy. Each state does it as per its capacity. Let the Centre bring a law to have a uniform level of assistance," Gehlot says.

Late on the night of February 13, Gehlot issued transfer orders for 75 IPS officers; a similar IAS reshuffle is also expected soon. Perhaps the penultimate reshuffle of top officers, with another expected closer to elections, it seems a last-ditch effort to improve governance while also accommodating the recommendations of the party leaders. How much will all of this help Gehlot? It's anybody's guess. "I do my best," is all the chief minister says. That's better than what his party sometimes does.—Rohit Parihar

Kerala

Bitter medicine

There were few surprises when Kerala finance minister K.N. Balagopal tabled the 2023-24 state budget in the assembly on February 3. Prices of liquor were up, again, as were land registration charges, and there was a new social security cess of Rs 2 per litre on petroleum products, which makes even going to the gas station an onerous task of nation-building for citizens. As expected, the opposition was soon out on the streets against the "anti-people budget".

But the abstract economics is perhaps scarier. Kerala has been wrestling with budget deficits and mounting public debt for over two decades now. Chief Minister Pinarayi Vijayan of the CPI(M) has defended the new taxes on the grounds that hard decisions were needed after the Centre limited the state's borrowing limit "without considering our financial structure". Besides, almost perversely, Kerala is paying for having a declining population with a per capita income that's been rising. Using those indices as parameters, the state's share of the divisible pool of central taxes was trimmed down to 1.92 per cent in 2020-21—less than half of the 3.9 per cent it used to get in the 1980s. In much-publicised debates, Kerala has also been complaining of a shortfall in revenue deficit grants from the Centre.

Kerala's fiscal table is of a peculiar nature. Balagopal has projected revenue receipts of Rs 1.35 lakh crore—72 per cent of that to be raised internally by the state—and expenditure of Rs 1.76 lakh crore for the year. How's the consequent pressure to generate revenues to be met? A lot of that is structured by Kerala's inherent nature as a consumer state with limited presence in manufacturing—the sector's share in the state economy hovers around a low 10-12 per cent. So state revenues depend on two major cash cows—liquor sales and lottery—besides GST. The state has lost Rs 5,700 crore due to the cessation of GST compensation from June 2022. It's also in the negative by Rs 5,000 crore due to restrictions on borrowing—another narrowing window, the Centre has mandated that in FY24 it cannot exceed 3.5 per cent of the GSDP limit. Critics say this crisis is partly of its own making, given the debt burden accrued by two pet 'off-budget special vehicles'—Kerala Infrastructure Investment Fund Board (KIIFB) and Kerala Social Security Pension Limited (KSSPL)—over the past 5-6 years.

Furthermore, the state will have a shortfall of around Rs 11,000 crore annually after the switchover to the new GST format. A similar situation prevails in centrally sponsored schemes (CSS). Kerala, being a 'socially advanced state', receives only one per cent of the funds earmarked for CSS. With central MNREGA funds also being marked down by one-third this year, it will be in further trouble.

Kerala's problems are compounded by its committed expenditure on salaries (30 per cent), pensions (21 per cent) and interest payments (19 per cent), which together eat up 70 per cent of total revenue receipts. The state also provides social security pension of Rs 1,600 a month to 5.22 million people with annual incomes below Rs 1 lakh. "We can't cut down expenditure on welfare and the Centre's antipathy towards Kerala is hindering us further," says Balagopal. "The new taxes are to ensure that infrastructure development and welfare measures are not affected. The misinformation campaign by the Congress and BJP is being done with a political agenda."

Pinarayi, too, views the new taxes as part of a balancing act. "The opposition and a section of the media are trying to pin the blame on the Left Front government's financial mismanagement. This is just politically motivated propaganda. In fact, we have reduced the state's public debt by 2.5 per cent in the past four years even with the drop in internal revenues during the pandemic and the floods in the years before that," he says. He also announced a '100-day mission' with 1,284 projects and an outlay of Rs 15,896 crore, which will reportedly create 433,644 new job opportunities in the state.

Opposition leader V.D. Satheesan of the Congress is least impressed by all this, blasting the Left government for introducing a new burden on people already hit hard by inflation and the pandemic.

The Rs 2 per litre fuel surcharge will generate an additional revenue of Rs 750 crore to the Social Security Seed Fund but also make Kerala one of the costliest in fuel prices. Indeed, in neighbouring Karnataka and Tamil Nadu, a litre of petrol now costs Rs 4 less on average. A tax on houses lying vacant has also irked the people. "Public opinion is with us…it's our duty to force the government to take corrective steps when they introduce anti-people policies. How can they justify the new taxes after failing to collect Rs 21,798 crore in revenue arrears?" asks Satheesan.

His reference is to the Combined Compliance Audit Report of the Comptroller and Auditor General of India (CAG) for 2019-21, released on February 10, which revealed a revenue shortfall of Rs 21,798 crore in Kerala. Of this, Rs 7,100 crore has been outstanding for over five years. The report came down heavily on the state for not taking the initiative in clearing the revenue arrears. Taxes on sales, trade of goods (Rs 13,830 crore), taxes and duties on electricity (Rs 2,929 crore), and vehicle taxes (Rs 2,617 crore) accounted for the maximum deficits.

A section of the population is also livid at the rising prices of alcohol. Kerala charges a prohibitive 251 per cent sales tax on alcohol, and the third increase in 2022 saw a new cess of Rs 20 per bottle of Indian-Made Foreign Liquor (IMFL) with MRP below Rs 999 and Rs 40 for a bottle costing above it being introduced. The budget says this will net an additional Rs 400 crore, but tipplers are not amused. "Every budget, the taxes on liquor go up in Kerala. Unfortunately, this squeezes the poor the most, for they end up paying a lot of money for some very low quality brands," says popular actor-director Murali Gopy. All this anger could have upset the equilibrium for CM Pinarayi, except that he's only in the second year of his second term—or the state may not have bet on a third term even if it had spare money. —Jeemon Jacob
https://www.indiatoday.in/magazine/nation/story/20230227-state-budgets-doles-and-tolls-2335659-2023-02-17

15. Kerala Govt. Roots for Fiscal Federalism, Increased GST Compensation Period *(newsclick.in)* February 17, 2023

The opposition in Kerala, the United Democratic Front (UDF) and the media at large are running amok over the pending Goods and Sales Tax (GST) dues and the alleged 'non-submission' of accountant general (AG) audited statement for five years since 2017-18 by the state government.

Though the question asked by the MP from Kollam, N K Premachandran, was about the shortfall in the Integrated Goods and Sales Tax (IGST) and the revenue deficit grants, the union finance minister Nirmala Sitharaman chose to blame the Left Democratic Front (LDF) for the delay in disbursing the GST compensation.

How the union finance ministry disbursed Rs 41,779 crores to Kerala while only Rs 750 crores is pending, without the audited statement for five years as claimed by the minister herself, remains a mystery. The MP, other leaders of the UDF and the media have failed to raise this question.

The government of Kerala and several state governments, including the Bharatiya Janata Party-ruled (BJP) states, continue to demand the extension of the GST compensation, better fiscal federalism and the deserving allocation from the divisive pool to strengthen the finances of the state.

HOW DID IT BEGIN?

The questions raised by Premachandran, the MP from Revolutionary Socialist Party (RSP), a UDF ally in Kerala, in the Parliament sparked off allegations in the state on the GST issue again. The MP referred to the expenditure committee report of Kerala, pointing out the shortfall of Rs 5,000 crore/year.

The MP began his question with the accusation of several state governments on the improper disbursal of the GST compensation and revenue deficit grant. Proceeding further, his specific questions were about the IGST in the past five years and how much was disbursed by the Centre and the revenue deficit grants disbursed to the state in the last five years.

In her response, the finance minister spoke only about the GST compensation dues and refrained from answering the questions raised on the IGST and revenue deficit grants disbursed to Kerala.

She blamed the LDF government for not submitting the AG audited accounts for GST compensation for the financial years since 2017-18 and informed that the dues will be disbursed in one go if the state submits the statements.

'KERALA SUBMITTED AUDITED STATEMENTS'

But soon after the union finance minister's statement, the AG's office cleared the files. It turned out that Kerala had indeed submitted the statements as per the Comptroller and Auditor General (CAG) report submitted in 2021. Kerala is among the 19 states that submitted the report during 2017-18.

The report also stated that the audits of financial years 2018-19 and 2019-20 were pending since the union revenue department did not submit the data on compensation.

Given that the state government has received Rs 41,779 crore as GST compensation of the eligible Rs 42,639 crore, the statement of the union finance minister remains contradictory. The state finance minister K N Balagopal has also agreed that the state is yet to receive only around Rs 750 crore.

The Communist Party of India (Marxist) [CPI(M)] Kerala state unit questioned how the compensation was disbursed if the state government did not submit the audited statements from the AG.

'NEED TO ADDRESS THE LARGER ISSUE'

The MP had claimed, during his question in the Parliament and later in a press meet, that the chief minister and finance minister had been accusing the delay in financial allocations from the Centre as the reason behind the imposition of cess on petrol and diesel.

Balagopal referred to the specific demands of several BJP and non-BJP-ruled states in extending the GST compensation and fiscal federalism. He also said the references of the MP were tricky and misleading.

"States like Tamil Nadu, Rajasthan, Chhattisgarh and West Bengal have demanded the extension of GST compensation by five years, considering the pandemic. Even the BJP-ruled states have raised similar demands", he said in a video posted on his social media account.

The minister said that the MP should have raised questions on the long pending demand of the state instead of painting the state in poor colour.

"The state is eligible to receive around 3.5% from the divisive pool, while we are allocated only 1.925% per the recommendations of the 15th finance commission. We would receive an additional sum of Rs 18,000 crore under this head. The MP should have raised these questions for the state's welfare," Balagopal said.

The fiscal policies of the BJP-led Union government have been opposed by several state governments, including Kerala, which has been criticising the GST regime loaded heavily against the states. https://www.newsclick.in/Kerala-Govt-Roots-Fiscal-Federalism-Increased-GST-Compensation-Period

16. Mystery electricity bills confound power-less villagers in Garo Hills *(theshillongtimes.com)* February 20, 2023

TURA: Indicative of a worst for the Saubhagya scheme in Meghalaya, a whiff of a major scam seems to be in the offing after it was discovered that many residents in just the revenue circles of Tikrikilla, Phulbari, Dadenggre, Rajabala and Selsella have been without electricity though their names appear in the consumer list of MePDCL as beneficiaries of the scheme.

The Saubhagya scheme was launched in the state in 2018, a few months after the NPP-led government came to power in the state with James Sangma as the Power Minister. The scheme aimed at providing electricity to the 13,9267 households in the state with the aim of ensuring last-man connectivity to the power grid.

The scheme itself seeks to cover last mile electrification of villages and households with free connections. These would include the setting up of transformers where required, drawing low tension power lines as well as providing household wire connections. The project was paid for through central funds with contracts being given to contractors to work the entire set up.

Since inception, Saubhagya has seen problems galore with the initial contracting itself shrouded in mystery. The contract ultimately went to one Satnam Global which was later found to have inflated prices of procurements to the tune of over Rs 149 crores, as was found out by the CAG.

Further it was also contracted with electrifying many parts of Garo Hills – a decision as baffling and riddled with uncomfortable questions by the same ministry.

A list of 39 villages within these revenue circles, information of which is available, showed the entire villages covered under the scheme. This would mean that all these households would have been electrified. However a visit to some of these villages showed that most of these households had absolutely no connections at all to the power grid and as such had no electricity.

However what is even more interesting is that many of these households were getting electric bills showing that their data had been entered the record books as consumers of electricity.

"I was shocked when I got an electricity bill despite the fact that I have lived, like my forefathers before, in absolute darkness. Are they making a mockery of the poor? If we were to be provided connections where did the money go from the scheme that was supposed to benefit us," asked one Charak Sangma of Dodangre under Tikrikilla, whose entire village has never been electrified.

Another source pointed out that they were made to sign papers by representatives of Satnam Global, which apparently even included the completion report. Unaware of what was happening, most of the headmen signed providing cover for the company to literally get away with murder. Some of them claimed that they were unaware of what papers they signed.
In most of these villages, survey work by the department as well as the contractor was undertaken a minimum of three times. These surveys were seemingly to see how much the entire scheme could be bent as thousands remain unconnected.

In many of these places, electric poles had been set up as if to show electricity was being provided but were later removed – suspectedly after the completion report was received. What is even more baffling is that the department, not only had very little knowledge of what was occurring, they were also not bothered enough to check that the connections that were on the ground were actually set up.

"There were 3 surveys in our village that raised our hopes of getting connected to power as we have not seen electricity since the independence of the country. We later found out that these surveys were just a scam," said Kangkarongre headman, Habelson Marak.

A visit to the village of Dodangre brought more light to the entire matter. The Nokma of the village, who was unavailable during the visit, had apparently signed off the papers with the company despite the fact that more than half his villages comprising close to 100 households were not connected. What was even more shocking was that the villagers who were not connected were asked to pay Rs 500 to take the smart meters by the Nokma apparently at the behest of department officials on the promise that they would be connected soon and needed the smart meter to prove that they wanted electricity. While most paid, some didn't.

The dilemma of the villagers did not just end here.
Apparently the sign-off by the Nokma was good enough to put the names of those who were cheated off a connection, to be pushed into the database of users. What came next was thought-provoking — electricity bills without power.

"Despite the completion report, the department should have done their own groundwork to see if these connections were actually on the ground. They seemed in a tearing hurry to sign off despite knowing well that most of what was on paper was never on the ground," felt another resident of Matramchigre, Gatjen Sangma.

An official from Phulbari, on the condition of anonymity, said that there would always be a gap between the amount of bills produced and the revenue collected.

"This was a major issue for us being a private entity as we have to ensure bills are collected on a monthly basis to meet the contractual agreement with the MePDCL. The gap in revenue collection was baffling to say the least and when we asked our ground staff, they informed us that these bills were being generated for those households that didn't have an electricity connection," said the official.

A resident of Banggrangre, Habelnath Marak said that bills were being generated since 2019 after the apparent installation of power connections to the village with arrears going up to Rs 6,000 in some cases.

"Why will we pay these bills when we have got no connection at all? This is senseless and stupid. The people who set us up this way should not go unpunished," felt Habelnath.

Some of the villagers initially paid their bills in the hope that they would get a connection as their names were on the database. However, after waiting for more than three years, they finally got the joke that was being played on them.

"Some of us were absolutely angered at receiving these bills and spoke to the lineman. He informed us that it could have been an error but the bills continued to come despite us informing them. After a while we stopped taking these seriously and began throwing them away. Some of us however kept a record," said Tinar Marak of Matramchigre.

During the visit to these villages, residents showed hundreds of bills that were generated in their names, with many showing the latest bills of Feb this year. These apparently were being generated since their names were entered into the consumer database.

As is the norm, MePDCL generates a minimum bill for each consumer whether they use the services or not. This has meant that crores have been entered into the record books as uncollected dues over the past three years, falsifying the MePDCL book of accounts.

"We are sure that the contractor has been paid on the basis of the number of households electrified which means that this is a major scam. How did the department sleep on such a huge matter despite receiving several complaints is another matter altogether. While the joke may initially have been on the villagers but now it is on the government that actually allowed for such a thing to be played on them," said social activist and resident of Phulbari, Peter Sangma.

For most of the villagers, the smart meter has been put on display in the front of their houses. It is a stark reminder of a state that has failed them in their time of absolute need while asking them to pay for something that they have lusted for but never got.

For Peter, the visits to these villages have been life changing.

"I never thought that a government could actually play such practical jokes on its own people. This is not only insensitive and callous but an absolute crime. There must be action against those responsible for playing these jokes on the people of the state. A high level inquiry into what transpired is a must," he felt.

For most, the smart meter in their homes, is a stark reminder of the joke that continues to be played on them. For others, the bills remind them of the darkness they are forced to deal with. https://theshillongtimes.com/2023/02/20/mystery-electricity-bills-confound-power-less-villagers-in-garo-hills/

17. DMK-Govt Accused of Double Standard on Coal Scam and Hindenburg Paper *(newsclick.in)* 18 February 2023

The Dravida Munnetra Kazhagam (DMK) assured to investigate the previous regime's financial scams in its election manifesto. After forming the government in 2021 they are maintaining "stark silence," accused Chennai-based anti-corruption NGO Arappor Iyakkam.

In 2018 the NGO reported a coal import scam to the tune of Rs 6,066 crore in Tamil Nadu's electricity board TANGEDCO (Tamil Nadu Generation & Distribution Corporation). NewsClick interviewed Jayaram Venkatesh, convenor of Arappor Iyakkam about the same.

Venkatesh alleged that even the Stalin-led DMK government is not taking any action on it even after submitting a letter to the Chief Minister. While in the opposition then, DMK leader M K Stalin demanded a CBI probe into the coal import scam.

"Now he has the power to order an investigation, but he has not done it," said Jayaram Venkatesh.

"But they are demanding the union government for a joint parliamentary committee to probe the Hindenburg papers" he added.

The recently released Hindenburg research report on the Adani Group mentions Tamil Nadu Electricity Board along with other importers. It carries the Directorate of Revenue Intelligence's (DRI) investigation finding of huge over-valuation of coal by the Adani group, to the extent of about 50% to 100%.

LIST OF 40 IMPORTERS OF COAL UNDER INVESTIGATION BY DRI	
Sr. No.	Name of the Importer
1-5	Adani Group of Companies a) Adani Enterprises Ltd., b) Adani Power Ltd., c) Adani Power Rajasthan Ltd, d) Adani Power Maharashtra Ltd., e) Adani Wilmar Ltd.
6	Tamil Nadu Electiricty Board (supplier: Adani, MBG Commodities Pvt. Ltd. & Knowledge Infrastructure Systems Pvt Ltd,.)
7	Jhajhar Power Ltd. (supplier: Adani)
8	Vyom Trade Link (Adani group)
9	Gujarat State Electricity Corporation Ltd.(supplier: Adani)
10	Haryana Power Generation Corporation Ltd. (supplier: Adani)

(General Alert Circular Source: Directorate of Revenue Intelligence [Pg. 4])

"There is a senior-level bureaucratic lobby preventing the investigation," said Venkatesh.

FAVOURITISM & HEAVY LOSS

The Arappor Iyakkam accused TANGEDCO of favouritism and collusion with select private players.

"For a tender with a value of Rs 100 to 150 crores, they asked for turnover conditions of almost Rs 1,000 crores. This ensured that a lot of medium-level players were ruled out of the competition. Only selected bunch like Adani, Chettinad Logistics, Knowledge Systems, and MSTC companies were able to participate," said Venkatesh.

Between 2012 and 2016 TANGEDCO imported 2.44 crore metric tonnes of coal, and close to 50% tender was given to the Adani group.

Scandal #4, Money In: Adani Group's Involvement In An Alleged INR 290 Billion (U.S. ~$4.4 Billion) Scam To Over-Invoice Indonesian Coal Imports, Passing Costs Off To Taxpayers

Period under investigation: 2011 to 2016

(From the Hindenburg report)

Arappor findings state that TANGEDCO purchased over-valued and substandard coal between 2012 and 2018.

"Tamil Nadu Newsprint and Papers Limited (TNNPL) also purchased similar quality coal, but for USD 20 less per metric tonne than TANGEDCO at the same time period," said Venkatesh.

"TANGEDCO knows that the Indonesian government releases the market price for coal every month. They could have compared it with the quotation these companies gave" he said.

"TANGEDCO's quality certificate seems to have been faked. CAG (Comptroller and Auditor General) calculated a loss of Rs 800 crore on one-third of the consignments checked randomly. If you calculate for the entire consignments it was close to Rs 2,400 crore," he added.

Putting together the pricing loss and the quality loss, Arappor Iyakkam calculated a total loss of Rs 6,066 crore in TANGEDCO's coal imports within five years.

BURDEN ON THE PUBLIC

Jayaram Venkatesh said that the coal import scam is not restricted to Tamil Nadu, but the same modus operandi is followed across the country.

"The DLRI estimated, with pricing alone, a loss of Rs 29,000 crore. If we include the quality of coal purchased, I think this should be somewhere around Rs 50,000 crores across the country" he said.

Due to such scams, electricity boards are running at loss.

"The TNEB is suffering a heavy loss of Rs 1.5 lakh crores. Recently it increased the tariff and placed these losses on the public" said Venkatesh.

"The money from electricity boards is illegally taken by these private companies. Imagine what will happen if these private companies take over and supply electricity, tariffs will keep increasing" he said.

He said that between 2012 and 2016 the price of coal fell and the cost of power became cheaper, while the demand had not increased. "This was a wonderful opportunity for the electricity boards to recover from the loss. Unfortunately, the reverse happened" he said.

"Some of these players are still participating in the tenders of TNEB, like Adani. They have signed MoUs on other projects" he said. So, the present government "doesn't want to actually take action on Adani and other people" he added.

Tamil Nadu electricity minister Senthil Balaji, in August 2021, claimed that about 2.38 lakh tonnes of coal was missing from our power plants and promised a detailed probe into it. But, there has been no talk about it since. https://www.newsclick.in/DMK-Govt-Accused-Double-Standard-Coal-Scam-Hindenburg-Paper

18. Union Finance Minister's allegations against BRS govt in Telangana lack substance: T Harish Rao *(newindianexpress.com)* 18th February 2023

MEDAK: Stating that the allegations levelled by Union Finance Minister Nirmala Sitharaman against the BRS government lacked substance and were untrue, Telangana Finance Minister T Harish Rao on Friday said that the fact was that what the Centre has given to Telangana was "nothing".

Condemning Sitharaman's comments against Chief Minister K Chandrasekhar Rao, Harish said that the BRS supremo had laid bare the situation prevailing in the country during his speech in the Assembly.

The minister was addressing the gathering at a function to celebrate the birthday of the chief minister in Gajwel constituency.

“Union Ministers are trying to mislead the people on medical colleges by giving different versions,” Harish said. He said that the State government wanted medical colleges in Karimnagar and Khammam, but the Centre was adopting different policies for Telangana and other States. “We are questioning the injustice done to Telangana in sanctioning medical colleges. Telangana is made to suffer by not being provided funds due to it,” he said.“All we are asking is a government medical college. If the Centre refuses to give it, the State government will construct one in Warangal with our own funds,” Harish said.

“Finance Commission recommendations are cast aside. Funds are given to AP and not Telangana in the matter of GST funds. CAG has made it clear that Telangana has taken loans under Article 293 and is carrying out development works with it. In contrast, the BJP government has taken loans worth lakhs of crores which it is using for publicity and to service debt,”
Harish said. https://www.newindianexpress.com/states/telangana/2023/feb/18/union-finance-ministers-allegations-against-brs-govt-in-telangana-lack-substance-t-harish-rao-2548452.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

19. Leave States to fix their own fisc *(thehindubusinessline.com)* 20 February 2023

Two less discussed issues of this year’s Union Budget are the 50-year interest free loans to State governments and the Central Government fixing the target of 3.5 per cent fiscal deficit-to-GDP ratio for all the State governments. Both of these measures take the appearance of doing good for the States — one gives money and the other seeks responsibility in spending. But in fact, both are limiting the States.

Loans make States more dependent and less market-oriented by having an easy arrangement with the Centre rather than the market logic that borrowings will bring. The fixing of a fiscal deficit target of 3.5 per cent of fiscal deficit to the GDP ratio by the Central Government is a paternalistic imposition that ignores and, therefore, undermines the fact that there are fiscal rules in terms of Fiscal Responsibility Legislation (FRL) for State governments at 3 per cent of the GDP. The 50-year interest free loans amount to ₹1.3-lakh crore or 0.43 per cent of GDP for 2023-24 to the State governments to be spent on capital expenditure within 2023-24. Most of this will be at the discretion of the States, but a part will be conditional on the States increasing their actual capital expenditure.

Parts of the outlay will also be linked to, or allocated for, the following purposes: (a) scrapping old government vehicles; (b) urban planning reforms and actions; (c) financing reforms in urban local bodies to make them creditworthy for municipal bonds; (d) housing for police personnel above or as part of police stations; (e) constructing “unity malls”; (f) children and adolescents’ libraries and digital infrastructure; and (g) the State’s share of capital expenditure of Central schemes.

This is the second year the loans are on offer. Budget 2022-23 allocated ₹1-lakh crore or 0.37 per cent of GDP to assist the States in catalysing overall investments. These 50-year interest free loans during 2022-23 and 2023-24 are over and above the normal borrowings allowed to the States. This allocation was meant to be used for the PM Gati Shakti-related spends and other capital investment of the States. It will also include components for: (a) supplemental funding for priority segments of PM Gram Sadak Yojana, including support for the States' share; (b) digitisation of the economy, including digital payments and completion of the OFC network; and (c) reforms related to building bye-laws, town planning schemes, transit-oriented development, and transferable development rights.

Thus, in both the Budgets, there are too many end-uses, and no continuity. It is not clear whether the loan can be given for any one of these purposes or a combination of purposes. The principle of the disbursement of loans to States is also not clear. To that extent, there is scope for favoured treatment to certain States, violating in spirit at least the idea of co-operative and competitive fiscal federalism. It would have been appropriate for Budget 2023-24 to record some of the developments for the 50-year loans such as the total amount disbursed, principles of disbursement of loans, and number of States availing of the disbursement. Without that, the exercise lacks rigour and represents a further lowering of standards with which the fisc must work.

Meanwhile, the RBI's annual study on State budget 2022-23 has raised some concerns. First, the actual capital outlay of States during a year is considerably lower than the budget estimates made at the beginning of the year. In 2020-21, the States were able to execute only 69 per cent of their budgeted capital outlays. Second, the deviation from budgetary targets is comparably much smaller for revenue expenditure, which is mostly committed expenditure in nature.

Sacrificing capex

Third, State governments often sacrifice capital outlays during business cycle downturns to contain overall spending for achieving their deficit targets. Fourth, fiscal marksmanship relating to capital outlay varies significantly across States. While the average capex cut vis-à-vis budget estimates for the three-year period 2017-18 to 2019-20 was 21.3 per cent (cumulatively for all States), States and UTs like Jammu and Kashmir, Goa, Tripura, Punjab, Andhra Pradesh and Delhi have cut their budgeted capex by more than 40 per cent.

Fifth, the highly skewed monthly distribution of capital outlay by States poses another cause for concern. During the last five years, on an average, States were able to spend only a third of their full year spending during H1, with more than a quarter of the total spending being undertaken in the last month — that is, March. This suggests a residual approach to spending — often poorly executed just to meet deadlines.

Another important aspect is the fiscal deficit target fixed by the Centre when each State has its own FRL. According to article 293 (3), State governments have to take permission of the Centre to access the market. However, fixing the target by the Central government for State government borrowings is not in the interest of co-operative fiscal federalism particularly when the States have their own FRL.

The RBI study of State Budgets 2022-23 mentions that in 2020-21, States' consolidated gross fiscal deficit (GFD) rose to 4.1 per cent of GDP, the highest level since 2004-05. The spike, however, was short-lived and a reversion to consolidation was crafted in 2021-22 (actuals) taking the GFD down to 2.8 per cent of GDP, as against the Budget Estimates of 3.5 per cent and Revised Estimates of 3.7 per cent for that year.

This correction was brought about by a higher-than-expected growth in both tax and non-tax revenues. In 2022-23, the States have budgeted a consolidated GFD of 3.4 per cent of GDP, which is within the indicative target of 4 per cent set by the Centre, albeit, with substantial inter-State variations.

In the interest of prudent fiscal management, the sooner State governments return to the FRL target of 3 per cent and the debt level of 20 per cent, the better will the fiscal management be. https://www.thehindubusinessline.com/opinion/leave-states-to-fix-their-own-fisc/article66529144.ece

20. Resources for resilience *(financialexpress.com)* 20 February 2023

The need to have a growth process that is resilient to climate threats has never been more urgent. The increasing frequency and more intensified nature of climate-induced disasters across the globe is evidence that our survival is at stake.

At the successive climate conferences, it has been recognised that addressing climate change requires, besides mitigation of emissions, improvement in the adaptive capacity of vulnerable populations and building climate resilient infrastructure across economic and social sectors. Countries like India that have huge populations vulnerable to impacts of climate change have realised that actions to address climate change cannot remain merely energy-centric and should focus equally on building climate-resilient systems and infrastructures. The ‘Long Term Low Emission Development Strategy’ released by the government of India at the climate conference at Sharm El Sheikh is an admission of this reality.

However, the task of building climate-resilient systems and infrastructure is a major challenge when the required technical and financial resources at the local levels are limited. While there is no dearth of private capital to finance infrastructure where the returns are assured, investment for building resilient and adaptive infrastructure is scarce. Climate change exposes financial investments to higher levels of risk. Lack of technical expertise in designing appropriate urban infrastructure makes the task further challenging.

The upcoming edition of the World Sustainable Development Summit (WSDS), organised by The Energy and Resource Institute (TERI), aims to highlight the challenges and find collaborative solutions at global and local levels on ways to mainstream sustainable development and climate resilience.

Global collaboration to build climate-resilient systems depends a lot on two key actions. The first is to get an early agreement on the Global Goal on Adaptation (GGA). Seven years after the signing of the Paris Agreement, the goal is still in the making. The GGA is essential to provide a legal basis for the adaptation goals to be incorporated into the Nationally Determined Contributions (NDCs) and implemented on a monitorable basis. With agreement on GGA, it is possible to hold countries to account for measurable and quantifiable adaptation actions.

Second, adequate financing arrangements are needed to meet the losses arising from failures of the adaptive systems and restoring the damaged economic and social infrastructures. The UNEP Adaptation Gap Report published a few days before the 26th Climate Conference held in Sharm El Sheikh had pegged the annual adaptation costs in developing countries to be of the order of \$160-340 billion by 2030 and \$315-565 billion by 2050. The report warned that “without a step change in support, adaptation actions could be outstripped by accelerating climate risks'' making the goal of achieving resilience further unachievable. Clearly, resources at this scale are not immediately foreseen in the international financial system. In the absence of an agreement on climate finance, should the affected countries wait to take preventive actions? Two actions can be anticipated at the local level to raise the required resources with the involvement of the corporate sector, international investors and the sub-national entities.

The first is to get the governments to modulate their institutions and policies to create national frameworks for adaptation and resilience in the development plans. Regulatory mandate and facilities create the necessary drivers of investment and generate resources from the corporate and private sector. The corporate sector is likely to be encouraged to make investments in resilience when there are mandatory guidelines to assess climate risks and make disclosures on this account. Else, they will wait for the costs of inaction to rise above the current benefits before taking decisions. Similarly, the international investors are likely to wait for a mechanism that reduces the risk to their investments in climate-resilient infrastructure. Early action by the regulators on this count is therefore necessary.

The second action of this nature involves incentivising actions at the sub-national level. In a country like India, a framework for State Action Plan on Climate Change has been created but it lacks teeth in the absence of financing mechanism. The governments at the local level find it useful to invest only if the diversion of resources from developmental programmes yield quantifiable adaptation benefits equal to the costs incurred in the short term. Communities need to be incentivised for locally-led actions on adaptation and technology-led resilient approaches. In such cases, the benefits in form of maintenance or restoration of ecosystems and infrastructure need to be measured and paid for.

Building a climate resilient system is critically dependent on collective actions at all levels of governance—be it the global, national or community level. The stakeholders need to ensure that they agree on a framework of actions that helps all three elements of the framework—policy, institutions and finance—to converge across all sectors of economy to create such a sustainable and resilient future. https://www.financialexpress.com/opinion/resources-for-resilience/2986117/

21. A monumental waste: Crores spent on water-related works haven't readied Jharkhand for droughts; here's why *(downtoearth.org.in)* 20 February 2023

"A few decades ago, my fields produced so much paddy and maize that I would donate it. This year, the situation is so bad that my entire family is surviving on the monthly ration the government provides under the National Food Security Act," says Surendra Korba, who owns a 16-hectare (ha) farm in Sarhua village of Jharkhand's Palamu district.

"The village has over 200 families, but in recent years, about 75 per cent of the youth go to cities in search of work. Water shortage has made farming difficult," says Lokas Korba, a tribal rights activist in the village.

In the last decade, 2022 was one of the most drought-affected years for Jharkhand. According to Yearly Weather Report-2022 (Jharkhand) of the India Meteorological Department (IMD), the state received 817.6 mm of rainfall, which is 20 per cent below normal.

On October 31, 2022, the State Disaster Management Department declared 22 of the state's 24 districts, covering 122 blocks, as drought-affected. Some 3.15 million farmers have applied for relief under Chief Minister Drought Relief Scheme till February 2, 2023, says the scheme's web portal.

Of these, 1.63 million farmers were not able to sow at all this year, while 998,714 farmers have lost more than one-third of their crop. The state has promised a one-time allowance of Rs 3,500 per family to all eligible applicants.

Jharkhand is largely agrarian, engaging about 63 per cent of the rural population, according to Census 2011. Over 92 per cent of the sown area in Jharkhand is under food crops, predominantly paddy — the state's main kharif crop, as per "Jharkhand-Action Plan on Climate Change". (In 2009 the Union government directed all states and Union Territories to prepare these plans consistent with the strategy outlined in the "National Action Plan on Climate Change".)

The other crops cultivated are maize, pulses and oilseeds. Usually, 3.8 million ha is cultivated in the state, but during the 2022 kharif season, only 1.4 million ha was sown against a target of 2.83 million ha, says the drought declaration notification of October 31, 2022. This means about 50 per cent of the farmland in the state could not be cultivated.

The reason is that the agrarian economy is almost entirely dependent on rain. Ninety-two per cent of the state's sown area is rainfed, as per the Jharkhand agriculture department and 82 per cent of the annual rainfall is received during monsoon only, shows IMD data. As a result, deficit or untimely rain has a devastating effect on the state's agriculture.

With changing climate, the droughts have become more frequent and severe. In sharp contrast to the observed trend during 1956-2000, the period 2001-08 witnessed a sharp decline in annual rainfall, says "Jharkhand-Action Plan on Climate Change".

This has been accompanied by severe droughts, which have become frequent after 2000. Parts of the state have been hit by drought in 14 of the past 23 years.

In seven of these 14 years, at least 10 of the state's 24 districts were under drought. Ghanshyam, executive director of Deoghar-based non-profit Judav, says that earlier, droughts occurred once in four-five years, but now they strike almost every year. "The situation is such that farmers in many areas do not have money to buy seeds to sow paddy in the kharif season, starting June," he says.

The loss of soil moisture is causing the land to degrade. According to Indian Space Research Organisation's Desertification and Land Degradation Atlas of India, published in 2016, "Jharkhand is the state with highest area under desertification/ land degradation in the country with respect to state TGA [total geographic area], i.e., 68.98 per cent for period 2011-13. The desertification/ land degradation area in Jharkhand has increased about 1.01 per cent since 2003-05. The most significant process of desertification / land degradation in the state is Water Erosion (50.64 per cent in 2011-13 and 50.65 per cent in 2003-05) followed by Vegetation Degradation (17.30 per cent in 2011-13 and 16.40 per cent in 2003-05)."

This should not have been the case. Jharkhand has been the state where extensive works on water conservation and water harvesting have been done.

More than Rs 3,000 crore has been spent on water-related works such as watershed management structures and traditional waterbodies under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) from 2014-15 to 2021-22, shows the scheme"s web portal. A total of 2.57 million water-related works were undertaken using this money.

Of these works, 892,017 are water-specific structures, which includes over 240,000 farm ponds. Farm ponds are constructed to provide life-saving irrigation to paddy, in situations of scanty rainfall or dry-spell.

PERPETUAL SCARCITY

Jharkhand has faced frequent droughts in the past two decades

2001: 57 blocks in 11 district affected by drought

2002: 24 districts affected

2003: 67 blocks in 11 districts affected

2004: All blocks in 9 districts affected

2005: 30 blocks affected

2006: Severe drought in Palamu and Bokaro

2008: Palamu affected

2009: All districts affected

2010: All districts affected

2015: 23 of the state's 24 districts affected, except Sahibganj

2018: 129 blocks in 18 districts affected

2019: 10 districts affected

2020: 55 blocks in seven districts affected

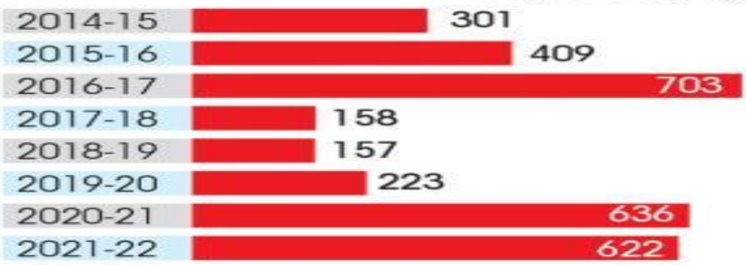
2022: 226 blocks in 22 districts affected

Source: Jharkhand Disaster Management Department; Economic Survey 2021-22

CAPITAL LOSS

Total money spent on water-related works under MGNREGA from 2014-15 to 2021-22 is more than ₹3,000 crore

Figures in (₹cr)



Source: NREGA MIS (www.nrega.nic.in), accessed on December 7, 2022

A back-of-the-envelope calculation shows that these farm ponds alone have the potential to irrigate over 500,000 ha—20 per cent of the state's annual net sown area. Given that a farm pond on average caters to the needs of 89 people, they are sufficient for 70 per cent of the state's 220 million rural people.

Now consider the potential of all the water-specific structures built across the state in the past eight years. Given that the state has 32,620 villages, each village in Jharkhand should now have at least 28 water-specific structures. As per an analysis by Delhi-based non-profit Centre for Science and Environment, just six water-related structures are sufficient for water security in a village.

So why have the works in Jharkhand not borne result? "Poor planning of water conservation and water harvesting structures is a major reason. Village residents are the best persons at understanding where structures, such as a dobha (typically, a 15 m x 30 m x 10 m water-storage pit), should be constructed, where they will hold water for long. Their help should be taken," says James Herenj, convener of Jharkhand NREGA Watch, a non-profit.

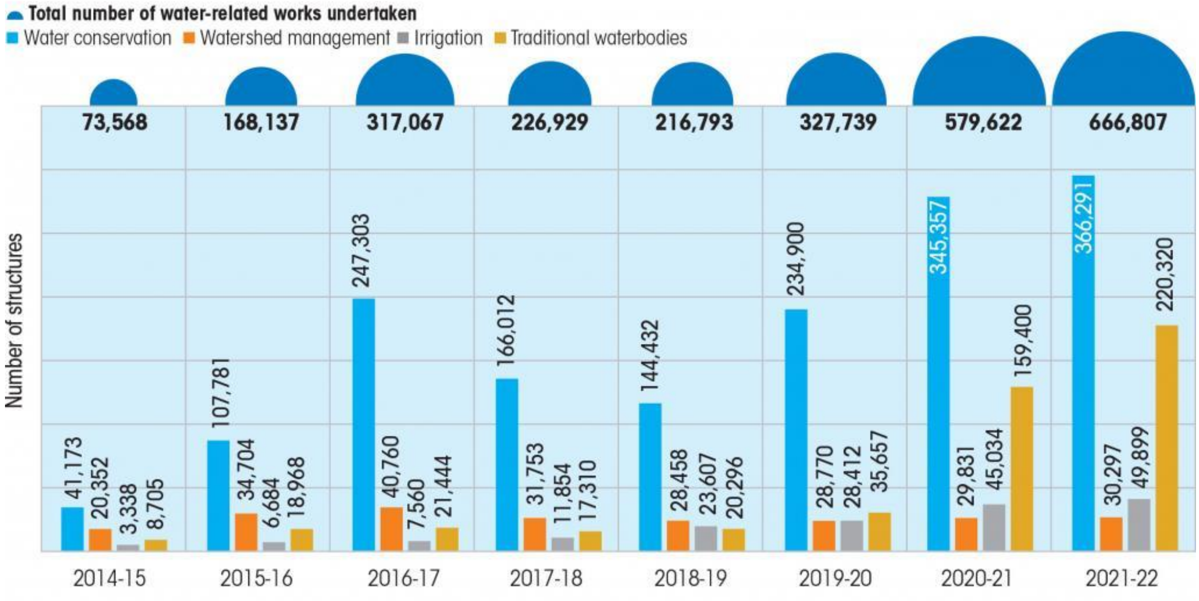
Herenj talks about a drought to explain. "A severe drought in the state in 1993-94 made the government and voluntary organisations work together. Pani Panchayat Samitis were formed in every village to deal with water shortage. Scientists associated with the non-profit People's Science Institute, Dehradun, also joined the campaign. Under this initiative, a large number of dobhas and check dams were built in the villages," he says.

"But in 2016-17, works were undertaken, defying discussions and schemes drawn by the villages. As a result, accidents, such as death of children due to drowning, were reported. Today the situation is such that many check dams are lying vacant and dobhas have become bereft of water," he adds.

The website of the state government's disaster management department also quotes NREGA Watch as saying that if the works done under MGNREGA in Jharkhand had been undertaken as per the issues highlighted in the state's climate action plan, 90 per cent of the irrigation-related problems would not have occurred.

WATER WORKS

A total of 2.57 million water-related works have been undertaken in Jharkhand under the Mahatma Gandhi National Rural Employment Guarantee Act between from 2014-15 to 2021-22



Source: NREGA MIS (www.nrega.nic.in), accessed on December 7, 2022

Other solutions

A concept note prepared by NITI Aayog in 2015 says that approximately 70 per cent of the sown area during kharif is covered by rice in the state. But most of it remains fallow during rabi.

The utilisation of vast area under rice fallow is possible to a great extent by a shift to Direct Seeded Rice, with shorter duration varieties. This would also create opportunities to grow crops like short-duration oilseeds (rapeseed, mustard, linseed), pulses (gram, lentil, pea) and vegetables with residual moisture or with minimal supplemental irrigation (in-situ or ex-situ conserved rain water) by bunding, runoff management structures and minor irrigation tanks or ditches. There is about 1 million ha of rice fallow area, and at least 0.1 million ha additional area of rice fallow should be brought under pulses every year, the note says.

Drought perpetuates the poverty cycle. This is why the “Jharkhand-Action Plan on Climate Change” says that the state has the least capacity to adapt to climate change. With changing climate, the burden of diseases in central India, including Jharkhand is slated to go up, it warns.

“The need of the hour is connecting the communities, involving them in planning and designing of decentralised systems for source sustainability,” says Herenj. https://www.downtoearth.org.in/news/agriculture/a-monumental-waste-crores-spent-on-water-related-works-haven-t-readied-jharkhand-for-droughts-here-s-why-87802

22. Assam losing Rs 2,000 cr revenue per month due to illegal coal mining: AJP *(energy.economictimes.indiatimes.com)* February 20, 2023

Digboi: Opposition party Assam Jatiya Parishad (AJP) on Sunday alleged that the northeastern state is losing nearly Rs 2,000 crore in revenue every month due to rampant illegal rat-hole coal mining in several places, particularly in Tinsukia district. The party sent a memorandum to the President, Prime Minister, Supreme Court Chief Justice, Leader of the Opposition in Parliament, NHRC Chairman and National Green Tribunal Chairman highlighting the issue.

"We have been highlighting rampant illegal coal mining, particularly rat-hole mining, in various parts of Assam. It has a direct impact on the environment, public health and the state exchequer," AJP president Lurinjyoti Gogoi told PTI here.

He claimed that the government is aware that illegal coal mining, which has continued unabated for decades in Assam, has caused large-scale destruction to Dehing Patkai National Park -- the largest rainforest in the Northeast.

The AJP, in its memorandum, pointed out that the NGT had in 2014 banned rathole coal mining, while alleging that it is still going on and the Assam government is aware of the illegal activities in the Digboi Forest Division.

"Inquiries in this regard have been ordered frequently at different levels. Commissions have been appointed to probe the illegal activity. These commissions have also submitted voluminous reports only to be shelved with no visible action," the memorandum alleged.

Highlighting various directives of the Gauhati High Court, it alleged that even PSU firm Coal India carried out illegal mining inside the forest for 16 years from 2003 to 2019, which was admitted by the company in 2020.

"Seizure of trucks laden with coal dug out from the forests around LedoMargherita region has become a regular phenomenon despite there being a ban on rat-hole mining, without the kingpins ever being nabbed.

"It has created an impression that the government often displays a total inability, even reluctance, to check the illegal mining of coal in the eastern tip of Assam bordering Arunachal Pradesh," the memorandum alleged.

The party claimed that there is no effective mechanism to keep a tab on the forested region and only the forest department and the police sometimes conduct drives to check illegal coal mining, but without any result.

Tikak and Tirap are the two main coal producing collieries in Ledo-Margherita. They lie in close proximity to some villages, which facilitate the illegal miners/traders to hire local residents for digging coal. Locals, including women and children, use sharp tools to extract coal through the rat-hole method," AJP alleged.

Further, transportation of the illegally mined coal is a bigger issue in terms of money transaction and tax evasion, which goes up to thousands of crores, it claimed.

"It is astonishing to know that daily 500-600 truckloads of coal are being transported, alone in Ledo- Margherita area, and the amount of commission ranges from Rs 70,000 to Rs 75,000 per truck," the memorandum alleged.

The commission for other areas such as Jagun, Tipong Jisubai and Koylajan is Coal ajp assam supreme court parliament nhrc national green tribunal nandita gorlosa lurinjyoti gogoi koylajan gauhati high court even more and ranges from Rs 1.25 lakh to Rs 1.35 lakh per truck, it added.

"These commissions are taken in lieu of the tax challan that otherwise is required for transportation. Thus, the government is losing several crores. The estimated total monthly illegal transaction on account of illegal mining and transportation of coal in the state amounts to nearly Rs 2,000 crore per month," the AJP claimed.

The opposition party claimed that illegal rat-hole coal mining has resulted in largescale money laundering, misuse of money for criminalising politics and society, irreplaceable degradation of environment and forest, and huge loss of government revenue.

"We demand that illegal mining be stopped immediately and stern action be initiated against the persons (irrespective of government official and/or politician) involved in patronising illegal mining and transportation of coal," AJP said in the document.

When contacted, state Mines and Minerals Minister Nandita Gorlosa declined to comment and said her secretary would get back to PTI. But no reaction was received from any government official despite several attempts. https://energy.economictimes.indiatimes.com/news/coal/assam-losing-rs-2000-cr-revenue-per-month-due-to-illegal-coal-mining-ajp/98077228

23. Juhu flyover cost up 50% in 3 months, netas cry foul *(timesofindia.indiatimes.com)* Feb 19, 2023

MUMBAI: Over three months after BMCfloated tenders for construction of a flyover in Juhu, work orders for the bridge were issued in January at 50% higher cost.

The cost of constructing the flyover was initially estimated at Rs 350 crore, but now the work order shows total cost has escalated to Rs 525 crore.

The 1.6km bridge, with 2+2 lanes, will start ahead of Barifiwala flyover, Andheri, and touch down near JVPD, bypassing five signals. Work order has been issued to a joint venture of RPS Infraproject Pvt Ltd and Relcon Infraproject Pvt Ltd.

The opposition has hit out at the project, calling it “another example of steep escalation in cost under the administrator’s rule” in BMC with no elected representatives around to question it.

Samajwadi Party’s former corporator Rais Shaikh, who is also an MLA, called it an example of “favouring contractors over tax-payers’ money”. “BMC is constructing a bridge over a nullah abutting Nehru Science Centre at Rs 280 crore, with use of stainless steel. Then why the huge price difference in case of the Juhu flyover? Escalation for small projects is not being approved by the administration and it raises doubt over why such a major escalation was approved,” he said.

The idea behind the project was to ease traffic, especially at JVPD junction which is a bottleneck during peak hour. An exit of the proposed coastal road from Bandra to Versova link is expected to align along the same path, making it smoother for motorists, said civic officials.

The officials said beginning work on ground should not be a hassle as there is a clear path for construction.

Former opposition leader in BMC, Ravi Raja, said that BMC should cancel the tender and re-invite it. “How can the cost from the tender stage to the work order rise so significantly? No reason would justify this rise in cost. In case of any increase in cost of raw material for construction, BMC should pre-empt it,” said Raja.

BMC, however, said the rise in cost is due to factors like addition of stainless steel and rise in cost. “In the estimation, regular steel was considered, but later stainless steel was insisted upon as the bridge is near the sea and so this is one reason for cost to increase... Stainless steel is expected to be used for bridge structures to avoid corrosion. Secondly, the schedule of rates was of 2018 but the cost was brought to the current rate [at the time of giving the work] in 2023,” said additional commissioner P Velrasu. https://timesofindia.indiatimes.com/city/mumbai/juhu-flyover-cost-up-50-in-3-mths-netas-cry-foul/articleshow/98055621.cms