

## **NEWS ITEMS ON CAG/ AUDIT REPORTS (21.02.2023)**

### **1. Are cities ‘smart’ enough to leverage municipal bonds? ([india.mongabay.com](http://india.mongabay.com)) February 21, 2023**

Indore’s Municipal Corporation (IMC) received an overwhelming response from institutional and corporate investors when it issued a green bond last week. This development set a positive tone for similar resource-scarce urban bodies looking for investments to meet civic needs and ambition. However, mobilising capital through bond issuance is still at a nascent stage for urban bodies, experts opine.

Bonds are issued by governments or companies to borrow money from investors for major projects. For investors, bonds are a fixed-income investment. ‘Green’ bonds, in particular, are for raising money for climate and environment projects.

Indore, one of India’s ‘smart’ cities, aims to use this fund to reduce its financial burden related to the drinking water needs of the city. With the mobilised fund, Indore aims to install solar plants and use the renewable energy to fetch water from the Narmada River from the Khargone district, some 80 km away from the city. The IMC spends around Rs. three billion every year for the same. Closing on February 15, the issuance was subscribed 5.91 times and attracted a subscription of Rs. 7.21 billion. The base price was Rs. 1.22 billion.

Experts call it exciting news. Namita Aggarwal from Janaagraha, a Bengaluru-based think tank working with urban local bodies on policy and governance, says that this is a very encouraging development given the fiscal gap under Urban Local Bodies (ULBs) functioning. The fact that the bond was oversubscribed is a positive development.

She lauds Indore’s initiative to issue green bonds to focus on sustainability issues. Before this, Ghaziabad has issued a green bond in 2021 for setting up a water treatment plant.

When it comes to local governance, the Indore urban local body has been setting records. In India’s Municipal Performance Index, Indore emerged as the highest-ranked municipal corporation in 2020. The city has maintained a top position in the cleanliness survey for consecutive six years.

The city received a special mention in a recently published report by the Reserve Bank of India for being the first municipal corporation to list on the National Stock Exchange (NSE) in 2018.

Focused on municipal finance, the report appeared on November 10, 2022 and gives a glimpse of ULB’s financial health.

#### **Burgeoning needs**

The cities of India have been growing in population over the past fifty years. In 1951, there were five metropolitan cities with a population of over one million. In the latest census (2011), India’s 53 cities have more than one million population. There are estimates that India will add over 416 million urban residents in its cities between 2018 and 2050, bringing the urban population to over 850 million people by the end of the period.

The rapid growth of urbanisation in India has not been accompanied by a corresponding increase in urban infrastructure, says the RBI report on municipal finances.

The increasing urbanisation is putting pressure on the infrastructure. There is an increasing demand for affordable housing, integrated transport systems, and basic infrastructure like water, and electricity along with schools, hospitals, etc. The COVID-19 pandemic has also exposed the lack of preparedness of Indian cities which now need to be prepared for managing future disasters. Simultaneously, there is added burden due to climate change. Rise in sea level, cyclones, flooding, and heat waves warrant climate adaptation and risk mitigation plans, says the RBI paper.

In this scenario, the three-tier local governments need significant capital to prepare their infrastructure for future challenges.

To estimate the required capital, the government of India constituted a high-power expert committee that gave its report in 2011. The committee estimated that urban infrastructure (eight sectors) will need Rs. 31 trillion in 20 years from 2012 to 2031 (estimated at 2009-10 prices). Those sectors include water supply, sewerage, solid waste management, urban roads, storm water drains, urban transport, traffic support infrastructure, and street lighting.

This estimated investment however, has not been revised in the last decade, says Janaagraha's Aggarwal, adding that currently, urban local bodies do not have the financial capacity to meet citizens' needs. They are heavily dependent on state and federal grants that are unpredictable and insufficient. The capital expenditure of cities has grown manifold in the last decade or so, she says.

The RBI paper also reiterates the same, "Due to limited sources of revenue generation, municipal corporations in India are largely dependent on grants from the Central and State governments for meeting their expenditure needs."

Nilachala Acharya from the Centre for Budget and Governance Accountability (CBGA) says that the 74th Constitutional Amendment Act of 1992 empowered ULBs to function as independent 'institutions of self-government.' However, for discharging their obligatory functions and basic services to urban residents, most of these ULBs have been dependent on the resources from the union and state governments. Acharya works as the Research Lead with CBGA and has studied the finances of six Municipal Corporations in India and leading the work on presenting fiscal information of Municipal Corporations through a dashboard for easy to understand and comprehend by non-technical audience.

Acharya's study reveals that "now the ULBs are heavily dependent on grants given by the centre and states."

The grants for these local bodies are decided by the recommendations of the Central Finance Commission (CFC) from time to time. The State Finance Commissions (SFC) also recommend grants from the consolidated fund of states to supplement the municipalities' resources. Both the CFCs and SFCs are constituted every five years and recommend grants for municipalities from the Consolidated Fund of India and States. However, it is not a guarantee that the ULBs get the entire amount of the recommended grant. There are some suggested guidelines from both the union and state governments that need to be followed to be eligible.

The latest Finance Commission (Fifteenth FC) for the year 2021 to 2026, recommends Rs. 1.2 trillion for five years in way of grants to local governments. It says, "To cater to the growing

urbanisation needs, a total of Rs. 1,21,055 crore is recommended for urban local bodies for the period 2021-26.” Before this, the Fourteenth FC recommended Rs. 871.44 billion to ULBs for five years from 2015 to 2020 which included Rs. 697.15 billion as a basic grant and Rs. 174.29 billion as a performance grant. Apart from these CFC grants, states also devolve grants to ULBs, however, these grants are minimal.

As per the RBI paper, the local rural and urban bodies received less than 90% of the recommended grants during thirteenth and fourteenth plan period. Being dependent on grants also affects ULBs’ financial autonomy, says the RBI report which goes on to explore possible ways through which municipalities can generate resources. It discusses bond issuance as a tool too.

### **The potential of financing through bonds**

In the last few years, there has been a push from the centre for local governments to use bonds to mobilise capital from the market. In her budget speech, the union finance minister Nirmala Sitharaman said, “States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow.’ This means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.” For this, cities will be incentivised to improve their creditworthiness for municipal bonds, she added.

Though, market borrowings through bond issuances are not new in India. The first municipal bond came in 1997 when Bengaluru tried to mobilise funds through the debt instrument. “Since then, the Indian municipal bond market witnessed healthy growth until the mid-2000s, with nine MCs raising around Rs. 12 billion,” informs the RBI paper. However, it came to a sudden halt after 2005 with the launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Acharya from CBGA explains the possible reason saying that ULBs might have stopped exploring venues of resources, including bonds, as they were getting resources from centre and states to improve basic services.

However, there is a resurgence of municipal bonds since 2017 with nine MCs raising around Rs 38.40 billion during 2017-21, the paper informed.

The Ministry of Housing & Urban Affairs also provides incentives to ULBs for the issuance of municipal bonds.

Though there is an exclusive emphasis on issuance bonds, experts feel that this is still a distant dream. Namita Aggarwal says that revenue mobilisation through bonds is at a very nascent stage. Re-issuance of municipal bonds have been very limited. It means cities that have gone for municipal bond issuance have only done it as a one-time activity to raise money, and not as a sustainable form of funding for their infrastructure projects.

The larger million-plus cities can look for mobilising finance through this tool. “But it does not look to me as a major source of funding given the current status of smaller municipalities. The cities lag on many fronts. They do not have their strong revenue source and also there are no predictable grants from the states. There is a lack of trust in the market regarding the repayment

capacities of MCs. Trust needs to be built first, for the market to be able to see that this is a good investment,” she adds.

She lists several hurdles including the gap between market expectations and what MCs are offering. Cities lack financial literacy and cannot take this forward. They are heavily dependent on state capacities and privately hired advisors to guide them in the overall process of bond issuance. “Cities should have their own set of bankable projects that they have created and have inherent revenue potential. And to fund those projects, they should go to market. Right now, what is happening is the opposite of this. Cities are going to the market because this is a new thing to do. They are going into the market first and thinking about the project later,” she added.

Due to poor planning and programme budgeting; and varying accounting practices followed by ULBs across states, the level of fiscal transparency is very low and hence the chance of mobilising resources from market through issuing bonds would be bleak, said Nilachala Acharya.

The RBI paper also underlines this fact by saying that municipal laws do not prescribe any uniform accounting standard to be followed, rendering municipal accounts largely incomparable across states and even within a state.

The Comptroller & Auditor General (CAG) of India constituted a task force on accounting format for ULBs in 2002. The task force recommended an accrual accounting system for municipalities to ensure the correct, complete, and timely recording of municipal transactions. It is also supposed to help in producing accurate and relevant financial reports. Following this, the central government formulated the National Municipal Accounts Manual (NMAM) in 2004. As a next step, state governments were supposed to implement NMAM, however, only nine states (of the fourteen states for which information pertaining to adoption of state municipal accounts manual is available in the CAG reports) have approved it, as per the RBI paper.

Now, the central government is relying on the credit rating of MCs and has included it in the reform agenda of the Smart Cities and AMRUT programme. Of the 94 cities that have been assigned credit ratings in 2018, 59% received a rating of investment grade or above, highlighting the under-utilised potential for bond financing by Indian municipalities, concludes the RBI paper. <https://india.mongabay.com/2023/02/are-cities-smart-enough-to-leverage-municipal-bonds/>

## **STATES NEWS ITEMS**

**2. Mizoram made wasteful expenditure of over Rs 15 cr in ropeway project: CAG** ([business-standard.com](https://www.business-standard.com), [theprint.in](https://www.theprint.in)) February 20, 2023

**The case of ropeway project between Durtlang and Chaltlang and skywalk project at Sakawrhmutuaitlang near Durtlang is currently pending in the Aizawl bench of the Gauhati High Court**

The Mizoram government has incurred "wasteful expenditure" of over Rs 15 crore in the installation of the rope way cable car project from Durtlang to Chaltlang here, the Comptroller and Auditor General of India (CAG) has said.

The CAG report said that the union tourism ministry observed that the work components consultant did not submit a feasibility report or mention in its DPR that the project would go through three power transmission lines.

The Rs 99.07 Aizawl-Lengpui-Hmuifang under the Eco circuit theme of Swadeshi Darshan scheme ropeway project by the union tourism ministry was started in March 2017 was to be completed in 30 months. The Dartlang-Chaltlang project was a part of it.

The Union Tourism Ministry had, however, observed in December 2019 that the work component of the ropeway was undertaken without obtaining the necessary approvals and without assessing the feasibility of the project, the CAG report said.

Moreover, the meeting between the tourism department and representatives of state power and electricity departments and Power Grid Corporation in September 2018 had agreed that the proposed ropeway project might not be feasible and might be shifted to another location from the planned one, the report said.

The report said that to avoid any further delay to the Dartlang-Chaltlang project, which was slated to be completed in December 2018, an amount of Rs 24.83 crore was dropped from the project cost and the expenditure incurred on this component would be borne by the state government. The central tourism ministry also dropped in April 2021 all other components of the project worth Rs 31.14 crore of Durtlang area.

But the Mizoram government had already incurred an expenditure of Rs 15.09 crore during September 2017 to November 2018 for payment to contractors for the installation of cable car from Durtlang to Chaltlang in Aizawl before the Centre dropped it. This became a wasteful expenditure, the report, tabled by Chief Minister Zoramthanga in the Assembly on February 16, said.

According to the sanction order, the state government was to take all necessary clearances before undertaking the projects and set up a monitoring committee to be headed by the tourism secretary to monitor the physical and financial progress of the projects. The progress report was to be submitted to the tourism ministry on a quarterly basis, it said.

The state government had appointed a consultant for development of the eco-adventure project in May 2017 and paid Rs 2.97 crore as consultancy charges, it said.

The case of ropeway project between Durtlang and Chaltlang and skywalk project at Sakawrhmutuaitlang near Durtlang is currently pending in the Aizawl bench of the Gauhati High Court.

An official said that a fresh investigation into the Ropeway-Skywalk scam is likely to be initiated by Central Bureau Investigation (CBI) after it has been investigated by the state's Anti Corruption Bureau.

The Congress was in power from December 2008 to November 2018.

No Congress leaders could be contacted for their comment. [https://www.business-standard.com/article/current-affairs/mizoram-made-wasteful-expenditure-of-over-rs-15-cr-in-ropeway-project-cag-123022000688\\_1.html](https://www.business-standard.com/article/current-affairs/mizoram-made-wasteful-expenditure-of-over-rs-15-cr-in-ropeway-project-cag-123022000688_1.html)

**3. Mizoram wasted Rs 15 crore on ropeway project: CAG ([eastmojo.com](http://eastmojo.com)) Feb 20, 2023**

**The Mizoram Tourism Development Agency (MTDA) under the state tourism department had incurred an expenditure of Rs. 15.09 crore during September 2007 to November 2018 towards payment to contractors for the installation of cable cars.**

Aizawl: The Comptroller and Auditor General of India (CAG) has said that the Mizoram government incurred a wasteful expenditure of Rs. 15.09 crore on the installation of cable car or rope-way in Aizawl.

The CAG report tabled by chief minister Zoramthanga in the assembly on February 16 said that the Union Ministry of Tourism in March 2017 had accorded expenditure sanction of Rs 99.07 crore for the development of eco-adventure circuit: Aizawl-Khawhpawp-Lengpui-Durtlang-Chaltlang-Sakawrhmutuaitlang-Muthee-Berawtlang-Tuirial Airfield- Hmuifang under Eco-circuits theme of Swadesh Darshan Scheme.

The projects were to be completed and commissioned within 30 months, it said.

According to the sanction order, the state government would take all necessary clearances before undertaking the projects and should set up a monitoring committee to be headed by tourism secretary to monitor the physical and financial progress of the projects, it said.

The progress report should be submitted to the Ministry of Tourism on a quarterly basis.

The state government appointed a consultant for development of the eco-adventure project in May 2017 and paid Rs. 2.97 crore as consultancy charges.

The task of the consultant included site survey and site clearance, among others, the report said.

The report said that the project components, including cable car between Durtlang and Chaltlang, were executed by two firms through restricted tenders in August/September 2017.

The project was to be completed by December 2018.

The Mizoram Tourism Development Agency (MTDA) under the state tourism department had incurred an expenditure of Rs. 15.09 crore during September 2007 to November 2018 towards payment to contractors for the installation of cable car from Durtlang to Chaltlang in Aizawl.

The CAG report said that the consultant did not mention in its Detailed Project Report (DPR) that the proposed project would go through three power transmission lines.

It also did not submit a feasibility report, it said.

The meeting between the tourism department and representatives of state Power and Electricity Department and Power Grid Corporation in September 2018 agreed that the proposed ropeway (cable car) project might not be feasible and might be shifted to another location from the planned location, the report said.

The Union Tourism Ministry observed in December 2019 that the work component of the ropeway was undertaken without obtaining the necessary approvals and without assessing the feasibility, the report said.

To avoid any further delay, the Centre dropped the proposed cable car project amounting to Rs. 24.83 crore and asked the state government to bear the expenditure incurred on it.

The Centre also dropped all other components of the project worth Rs. 31.14 crore in Durtlang area, the CAG report said.

The case of ropeway project between Durtlang and Chaltlang and skywalk project at Sakawrhmutuaitlang near Durtlang is currently pending in the Aizawl bench of the Gauhati High Court.

An official said that a fresh investigation into the Ropeway-Skywalk scam is likely to be initiated by Central Bureau Investigation (CBI) after it has been investigated by the state's Anti Corruption Bureau.

Congress was in power in the state from December 2008 to November 2018.

However, no Congress leaders and former tourism minister John Rotluangliana could not be contacted for comment. <https://www.eastmojo.com/mizoram/2023/02/20/mizoram-wasted-rs-15-crore-on-ropeway-project-cag/>

#### 4. मिजोरम ने रोपवे परियोजना में 'फिजूलखर्ची' की: सीएजी ([hindi.theprint.in, i bc24.in](https://www.hindi.theprint.in, i bc24.in)) FEBRUARY 20, 2023

देश के महालेखा परीक्षक (सीएजी) की रिपोर्ट में कहा गया है कि मिजोरम सरकार ने यहां डार्टलैंग से चाल्टलैंग तक रोपवे केबल कार की स्थापना से जुड़ी परियोजना में 15 करोड़ रुपये की 'फिजूलखर्ची' की।

सीएजी की रिपोर्ट में कहा गया कि केंद्रीय पर्यटन मंत्रालय ने पाया कि विभिन्न काम से जुड़े सलाहकारों ने व्यवहार्यता रिपोर्ट नहीं सौंपी और अपने डीपीआर में उल्लेख नहीं किया कि परियोजना तीन विद्युत पारेषण लाइन से होकर गुजरेगी।

केंद्रीय पर्यटन मंत्रालय द्वारा स्वदेशी दर्शन योजना की 'इको सर्किट थीम' के तहत 99.07 रुपये की आइजोल-लेंगपुई-

हमुइफांग रोपवे परियोजना को मार्च 2017 में शुरू किया गया था, जिसे 30 महीने में पूरा किया जाना था। डार्टलैंग-चाल्टलैंग परियोजना इसका एक हिस्सा थी।

कैंग की रिपोर्ट में कहा गया कि केंद्रीय पर्यटन मंत्रालय ने दिसंबर, 2019 में देखा था कि रोपवे से जुड़े कार्य अनुमोदन प्राप्त किए बिना और परियोजना की व्यवहार्यता का आकलन किए बिना किये जा रहे थे।

रिपोर्ट के मुताबिक सितंबर,

2018 में पर्यटन विभाग और राज्य ऊर्जा और बिजली विभागों और पावर ग्रिड कॉर्पोरेशन के प्रतिनिधियों के बीच बैठक में सहमति बनी थी कि प्रस्तावित रोपवे परियोजना व्यवहार्य नहीं हो सकती है और इसे नियोजित स्थान से दूसरे स्थान पर स्थानांतरित किया जा सकता है।

लेकिन मिजोरम सरकार ने डार्टलैंग से चाल्टलैंग तक रोपवे केबल कार की स्थापना के लिए प हले ही सितंबर 2017 से नवंबर 2018 के दौरान ठेकेदारों को भुगतान करने में 15.09 करोड़ रु पये खर्च कर दिये थे। <https://hindi.theprint.in/india/mizoram-wasteful-on-ropeway-project-cag/476909/>

## 5. उत्तर प्रदेश द्वारा वर्ष 2017-18 और 2018-

### 19 के सीएजी ऑडिट हो चुके ([medhajnews.in](http://medhajnews.in)) FEBRUARY 20, 2023

वाणिज्य कर आयुक्त मिनिस्ती एस. ने बताया कि जीएसटी लागू होने के बाद 05 वर्षों की अवधि तक जीएसटी की प्रतिपूर्ति भारत सरकार से प्राप्त होने का नियम रहा है। इसके अंतर्गत जुलाई, 2017 से जून, 2022 तक की अवधि में उत्तर प्रदेश के निर्धारित वर्ष 2015-16 के प्रोटेक्टेड राजस्व पर 14 प्रतिशत की वृद्धि से कम राजस्व प्राप्त होने पर भारत सरकार द्वारा जीएसटी प्रतिपूर्ति की जाती रही है।

आयुक्त ने बताया कि भारत सरकार से जीएसटी प्रतिपूर्ति अंतिम रूप से प्राप्त करने हेतु नियमानुसार महालेखाकार कार्यालय से प्राप्त सत्यापित विवरण भारत सरकार को उपलब्ध कराने के संदर्भ में उत्तर प्रदेश से भारत सरकार के निर्धारित प्रारूप पर वर्ष 2019-20, 2020-21, 2021-22 तक के जीएसटी में सब्ज्यूड टैक्स यथा-

वैट, मनोरंजन कर, पर्यटन इत्यादि के प्राप्त राजस्व का विवरण सीएजी को सत्यापित करने हेतु भेजे जा चुके हैं। उन्होंने बताया कि वर्ष 2019-20 और 2020-21 की सीएजी में सत्यापन अंतिम चरण में है और 2021-22 का प्रारंभिक चरण में है।

मिनिस्ती एस. ने बताया कि अकाउंटेंट जनरल (एजी) के अनुसार वर्ष 2022-23 में जून, 2023 तक का ऑडिट माह दिसंबर 2023 में डाटा क्लोजिंग के बाद होगा। महालेखाकार कार्यालय से वर्ष 2019-20 से 2021-

22 तक का सत्यापित राजस्व प्राप्त होना है, जिसके पश्चात् भारत सरकार से अवशेष प्रतिपूर्ति प्राप्त होगी। उन्होंने कहा कि कतिपय समाचार पत्रों में प्रकाशित किया गया है कि उत्तर प्रदेश सरकार द्वारा इन 05 वर्षों का कोई भी सत्यापित विवरण नहीं भेजा गया है। इस सम्बन्ध में उन्होंने स्पष्ट किया है कि उत्तर प्रदेश द्वारा वर्ष 2017-18 और 2018-

19 के सीएजी ऑडिट हो चुके हैं, और भारत सरकार को भेजे भी जा चुके हैं। इसमें प्रदेश को कोई धनराशि प्राप्त होना शेष नहीं है। <https://medhajnews.in/news/States/Uttar->



[Pradesh/Uttar-Pradesh-has-been-audited-by-CAG-for-the-years-2017-18-and-2018-19](#)

**6. Congress demands special audit by CAG on 'Smart City' project ([canindia.com](http://canindia.com)) FEBRUARY 21, 2023**

Claiming that standard of work quality of 'Smart City' project is compromised leaving open doors for corruption, Congress on Monday demanded with Comptroller and Auditor General (CAG) to prepare special audit of all 47 projects reportedly undertaken by Imagine Panaji Smart City Development Ltd (IPSCDL) under the Smart City and Amrut Mission.

Congress leader Elvis Gomes, along with Janardhan Bhandari and others called upon CAG office in Panaji and submitted a memorandum demanding special audit of 'Smart City' works.

According to Gomes, as IPSCDL is a registered corporation under the companies act, it has to compulsorily audit its accounts and submit it to the Registrar of Companies, which they have not done.

"The directors of IPSCDL should be suspended for failing in their duties. We have said that it is a Rs 1000 crore scam. No audited statements are available for any of the past years. Website is deliberately kept nonfunctional. We will file criminal cases after gathering all information and may even approach the High Court for a court-monitored investigation if our demand is taken lightly," Gomes said.

He demanded to prepare and publish a CAG report of the entire period from the inception of IPSCDL. "Why has CAG not taken any suo-moto action after so many incidents of corruption, accidents occurred while carrying out work of Smart City Project in Panaji," he questioned.

"We have asked to prepare a special audit of smart city projects as public money is involved in it. We will approach the High Court if nothing gets done in this case," he said.

He also said that they will give a memorandum to the Registrar of Companies in this regard.

Janardhan Bhandari said that since last 7 years the work is going on and no audit has been done. "Accidents are taking place while work is being carried out. This work is done by spending public taxpayers money. They should not compromise with the standard of work. We will fight for the cause and if we don't get justice, then we will approach the court," he said.

Following the fourth accident in the city where a truck laden with pipes plunged into a dug-up road, on Thursday night, Congress leaders last week had surrounded the 'Smart City' office and raised 50 questions regarding the work going on at a snail's pace. <https://www.canindia.com/congress-demands-special-audit-by-cag-on-smart-city-project/>

**7. Cong confronts CAG officer on audit of Smart City works ([thegeoan.net](http://thegeoan.net)) FEBRUARY 20, 2023**

PANAJI: A group of Opposition Congress functionaries on Monday confronted the official of the Auditor General's office at Porvorim on the issue of audit, rather the lack of it, of funds

spent on several works executed by the Imagine Panaji Smart City Development Limited (IPSCDL).

The Congress leaders met Sunil Kumar, audit officer CAG, and demanded audit reports of 47 projects of the Smart City. They warned that if these works are not put through a special audit, they would approach the courts.

It is more than seven years but no audit of IPSCDL has been carried out, former bureaucrat and Congress leader Elvis Gomes alleged.

Speaking to the media after meeting the CAG official, Gomes alleged that the 'smart roads' being built had already seen four trucks taken down with the roads caving in.

He also alleged that the 'Smart City Mission' guidelines were being flouted and wondered how the SCM Secretary at the Centre was overlooking the scam of nearly Rs 1,000-crore.

Gomes, who was accompanied by another Congress leader Janardhan Bandari, also said that the Mission guidelines that smart-city works should be citizen-centric was not only being violated but information on projects was being kept under wraps.

Bhandari, meanwhile, slammed the IPSCDL for failing to plan the execution of work resulting in hardships to people as well as tourists. He also alleged that the BJP-led government was "looting money" through the works executed for the smart city project which will eventually lead to sub-standard work. <https://www.thegoan.net/goa-news/%EF%BB%BFcong-confronts-cag-officer-on-audit-of-smart-city-works/95522.html>

#### **8. SMART CITY SCAM? Goa Congress leaders meet CAG Officer: demands audit report on 47 IPSCDL projects ([goemkarponn.com](http://goemkarponn.com)) February 20, 2023**

PORVORIM: Congress leaders meet Sunil Kumar, Audit Officer CAG, to demand an Audit report on 47 Smart City Projects in the capital city of Panaji.

“Seven years have passed, but no audit has been done of Imagine Panjim Smart City projects. If a special audit isn’t done, then they will go to court, warned Congress leaders,” said Elvis Gomes.

He further said that SPV for smart city Panaji is unmanned. Also, there is no website.

“‘Smart Roads’ have taken 4 trucks down already. All Mission guidelines were flouted. Secretary SCM ignoring this ‘scam’ of 1000 crores?” he questioned

Gomes said that it was a guideline by the Central government to involve all agencies and should have been a citizen-centric mission.

“But no information is given about this project. Even the website is defunct,” he said.

Congress alleged that this was a major scam and that they would take appropriate steps if the work was not done properly.

Janardhan Bhandari said that people and tourists are suffering due to the ongoing work taking place for the last many years.

“BJP is trying to loot money by doing sub-standard work,” he said. <https://goemkarponn.com/smart-city-scam-go-congress-leaders-meet-cag-officer-demands-audit-report-on-47-ipscdl-projects/>

**9. Gurdwara Act already provides for audit: Delhi HC** ([timesofindia.indiatimes.com](https://timesofindia.indiatimes.com)) Feb 21, 2023

NEW DELHI: Delhi High Court on Monday dismissed a public interest litigation seeking direction for a "special audit" of Delhi Sikh Gurdwara Management Committee and Guru Harkrishan Public School Society by the Comptroller and Auditor General of India (CAG).

The division bench of Justices Manmohan and Saurabh Banerjee, noting that the CAG (Duties, Powers and Conditions of Service) Act, 1971 states that the CAG cannot voluntarily carry out an audit on its own, save and except as provided in the law."

The court observed the PIL is not maintainable as there is already an applicable law in place, Delhi Sikh Gurdwaras Act, 1971, which provides a complete methodology and mechanism for carrying out an audit by chartered accountants after due nomination by the committee. <https://timesofindia.indiatimes.com/city/delhi/gurdwara-act-already-provides-for-audit-delhi-hc/articleshow/98107813.cms?from=mdr>

### **SELECTED NEWS ITEMS/ARTICLES FOR READING**

**10. States, all grown up about GST now** ([economictimes.indiatimes.com](https://economictimes.indiatimes.com)) Feb 21, 2023

**With the Centre Okaying the final tranche of GST compensation to states, the new tax regime will have cast aside its infancy support. Some states may find the adjustment tricky. But nationwide monthly GST revenues have stabilised at about Rs 1.5 lakh crore with scope for improvement through rate rationalisation and widened coverage.**

With the Centre Okaying the final tranche of GST compensation to states, the new tax regime will have cast aside its infancy support. Some states may find the adjustment tricky. But nationwide monthly GST revenues have stabilised at about Rs 1.5 lakh crore with scope for improvement through rate rationalisation and widened coverage. The weighted average tax rate has been declining since GST was introduced, a process that can be reversed by reducing exemptions and correcting duty inversion. Compensating states for revenue losses on account of switching to GST has contributed to the movement of the weighted average tax rate farther away from the revenue-neutral rate. Now, there should be greater urgency for course correction.

The decision to set up the GST appellate tribunal will also address administrative efficiency. GoI is in an understandable haste to incorporate it in the Finance Bill. Dispute resolution risks becoming a bottleneck in revenue mobilisation; the GST Council has finally arrived at an agreement over the composition of the overdue tribunal. The tax system needs an appeals mechanism to avoid judicial overload. It will be in the interests of the states to set up the subordinate structure close on the heels of the apex body.

The GST Council is approaching rate rationalisation with a degree of circumspection that lessens the tax's reformative potential. There are questions over the economy's capacity to cope with fewer tax rates. The top 28% slab is likely to endure as a policy lever to discourage conspicuous consumption in a developing economy. The low hanging fruit is reducing the three other slabs - 5%, 12% and 18% - to two. The Centre and states share apprehension over bringing fuel into GST. As it is taxed now, fuel delivers revenue for climate mitigation. Bringing it within GST and imposing a separate carbon tax to fund, say, energy transition should smoothen the process. <https://economictimes.indiatimes.com/opinion/et-editorial/states-all-grown-up-about-gst-now/articleshow/98103417.cms>

**11. Sticking to fiscal glide path needs capex moderation: Crisil ([financialexpress.com](https://www.financialexpress.com)) Feb 21, 2023**

Staying put on the fiscal deficit glide path will require the Union government to moderate its capex momentum seen in recent years, Crisil has said in a report. Even if the capex momentum is reduced, the share of capex in gross domestic product (GDP) would remain higher than the pre-pandemic level in the medium term, it observed, giving three different possible scenarios.

A mix of revenue-enhancing measures (disinvestment and asset monetisation) and further rationalisation of revenue expenditure might be needed to reduce the capex sacrifice.

The Budget 2023-24 which set a fiscal deficit target of 5.9% of GDP for the next fiscal signalled a return to the glide path, after the pandemic bloated the deficit from 4.6% in FY20 to 9.2% in FY21. The deficit was being reined in at 6.4% this fiscal, as some spends during the pandemic were moderated and economic recovery, along with inflation, lifted revenue collections.

Commenting on the goal of reducing the deficit to below 4.5% by FY26, Crisil said less favourable debt dynamics in the coming fiscal vis-à-vis the past two years make the pursuit of fiscal prudence even more imperative, with just two more years to go to strike 4.5%.

“The 5.9% target set for the coming fiscal appears doable. The underlying assumptions of growth and revenue buoyancy are fairly realistic. The risk to budget math is from a gloomier-than-expected global environment hurting domestic growth via exports and messy geopolitics keeping crude and commodity prices high.

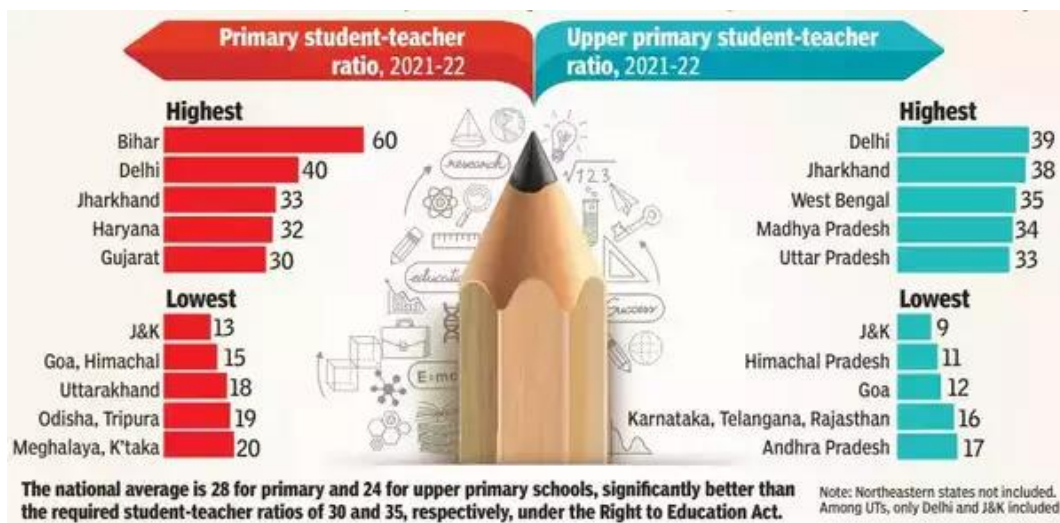
The goal of cutting fiscal deficit by 70 basis points in FY25 and FY26 each, could be challenging, Crisil said, adding that it will require continuous fiscal vigil.

The extent of government capex thrust seen in the past 2-3 years is unlikely to sustain beyond fiscal 2024, if trimming the fiscal deficit is indeed a priority. “In other words, our scenario analysis suggests that the government will have to moderate capex growth to meet the deficit target,” the agency said, demonstrating this assumption using three different scenarios. <https://www.financialexpress.com/economy/sticking-to-fiscal-glide-path-needs-capex-moderation-crisil-nbsp/2987144/>

**12. India has nearly 1.2 lakh schools with just one teacher each** ([timesofindia.indiatimes.com](https://timesofindia.indiatimes.com)) Feb 21, 2023

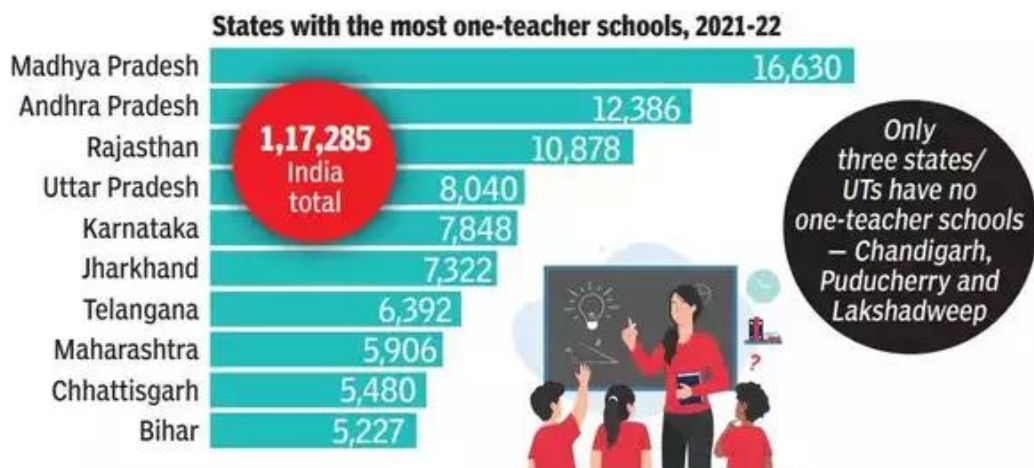
In the 2023-24 Union Budget, the Centre allocated Rs 1.13 lakh crore for the education sector, raising the projected expenditure on school and higher education by around 8.3% compared with 2022-23. But recent answers to questions in Parliament show that there's still plenty of room to raise the standards of education in India. Indicators like student-teacher ratios and the number of one-teacher schools point to a serious shortage of trained personnel. And despite a push to digitise education, most schools don't have access to the internet.

**In Bihar, 1 teacher for every 60 primary school students**



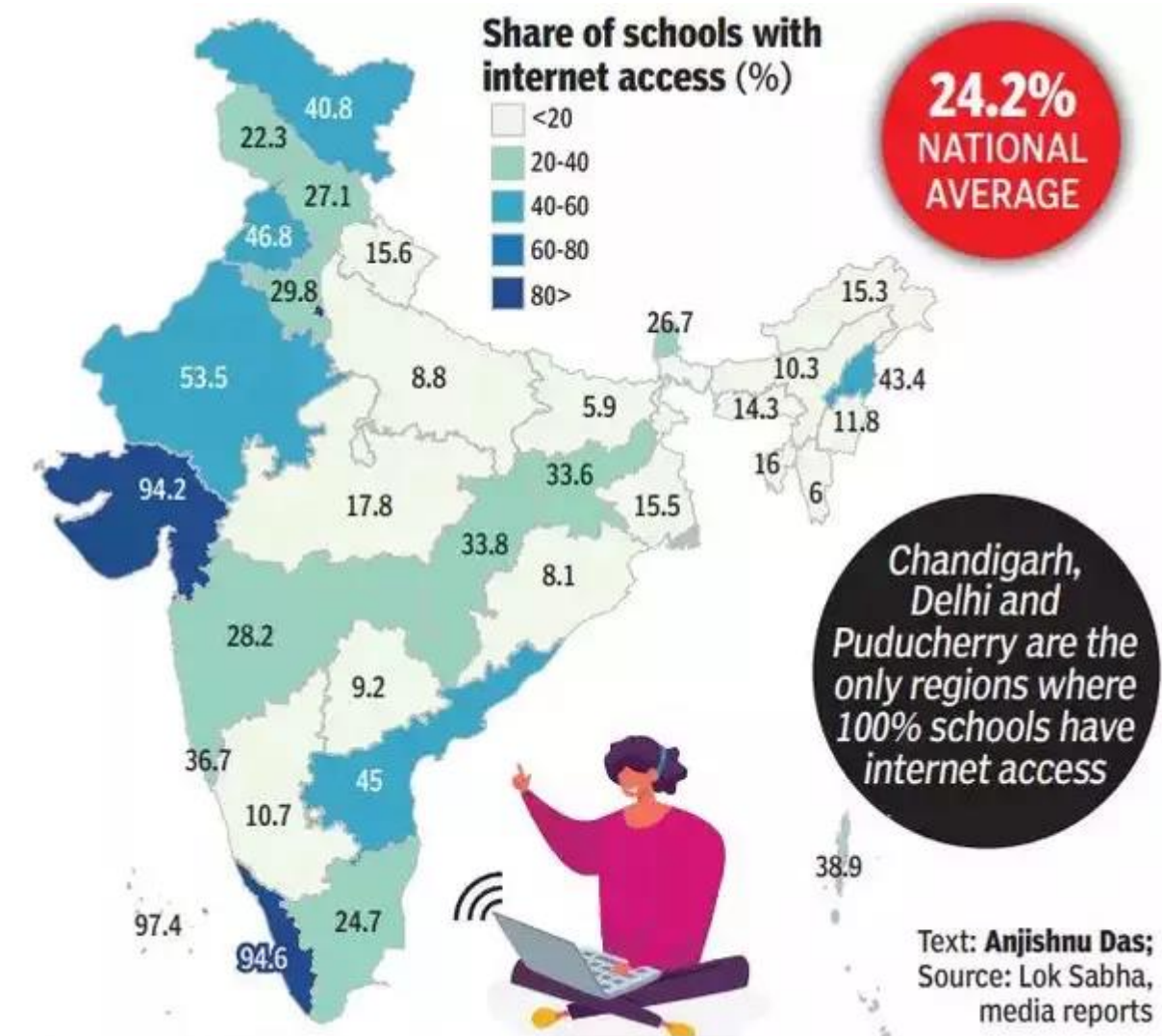
Among those with the worst student-teacher ratios are states with the largest populations or highest population density. UP and Bihar, among the worst for student-teacher ratios, are not only the most populous states in the country but also among the poorest. Conversely, states with smaller populations are among those with the best student-teacher ratios. But despite poor student-teacher ratios, states and UTs like Haryana, West Bengal and Delhi have literacy rates well above the national average.

**More than 16,000 one-teacher schools in Madhya Pradesh alone**



Almost 8% of India’s schools have only one teacher. Some of the most populous states also have the most one-teacher schools. Madhya Pradesh, for instance, has a primary student-teacher ratio of 25 — better than the level mandated by the RTE Act — but it also has the most one teacher schools. Among the larger states, Kerala has the fewest one teacher schools at 310.

**Less than a fourth of schools have internet access the national**



Despite the push to digitise education, fewer than one in four schools in India have internet access. Finance minister Nirmala Sitharaman announced the National Digital Library programme in this year’s Union Budget and the National Digital University programme last year to improve learning outcomes and make up for pandemic related learning losses. But in 29 states and UTs, less than half the schools have internet access, which will likely make the implementation of such digital programmes difficult. <https://timesofindia.indiatimes.com/india/india-has-nearly-1-2-lakh-schools-with-just-one-teacher-each/articleshow/98106912.cms>

**13. India re-imposes emergency clause; imported coal-based power plants to run at full capacity ([moneycontrol.com](https://www.moneycontrol.com)) Feb 20, 2023**

The Centre has re-imposed the emergency clause of the Electricity Act, 2003, asking all imported coal-based (ICB) power plants in India to operate and generate power at their full capacity in the ensuing summer months. The government has taken this decision as the peak power demand is expected to touch 229 gigawatt (GW) in April, according to an order issued by the ministry of power late on February 20.

“To ensure availability of electricity to meet the anticipated demand, the generation from ICB plants needs to be increased. Accordingly, in larger public interest, for ensuring optimum generation from ICB plants, directions are issued under Section-11 of the Electricity Act, 2003 that all ICB power plants shall operate and generate power to their full capacity. Where the imported coal based plant is under NCLT (National Company Law Tribunal) the resolution professional shall take steps to make it functional,” read the order issued by the power ministry. Moneycontrol has a copy of the order.

On January 9, 2023, Moneycontrol first reported that the previous such order under Section 11 of the Electricity Act lapsed on December 31, 2022, after being extended from October 31, 2022. In that report, Power Minister RK Singh’s office had exclusively told Moneycontrol that the emergency clause would be re-invoked whenever the need arises again.

On May 5 last year, when the country’s power demand had suddenly soared and thermal power plants had inadequate domestic coal to run fully, the power ministry invoked an emergency clause of the Electricity Act (section 11) and asked all thermal power plants running on imported coal to open and generate at their full capacity. At that time, most of these imported coal-based thermal power plants were shut due to high International coal prices and also because their power purchase agreements (PPAs) did not have adequate provisions for pass-through of the increased cost of generation. But, after the order, they had to mandatorily restart operations.

On January 3 this year, the Central Electricity Regulatory Commission (CERC) ordered that plants running on imported coal should be compensated for supplying electricity under emergency circumstances. The order though was issued in response to a petition filed by Tata Power Company Limited (TPCL).

Following the CERC’s order, the power ministry in its February 20 order also mentioned the pass-through aspect for such ICBs. “Considering the fact that the present power purchase agreements (PPAs) do not have adequate provision for pass through of the present high cost of imported coal, the rates at which the power shall be supplied to PPA holders shall be worked out by a Committee, constituted by the Ministry of Power (MoP), with representatives from MoP, Central Electricity Authority (CEA) and NTPC. This Committee shall ensure that the benchmark rate of power so worked out meets all the prudent costs of using imported coal for generating power, including the present coal price, shipping costs and operational and maintenance (O&M) costs etc. and a fair margin,” it stated.

“The fixed charge will be as per the PPAs, or as has already been agreed mutually between the generating company and the procurers. The PPA holder shall have an option to make payment to the generating company according to the benchmark rate worked out by the Committee or at a rate mutually negotiated with the generating company. These plants will supply power in

the first instance to the PPA holders. Any surplus power left thereafter or any power for which there is no PPA will be sold in the power exchanges,” read the order.

The latest order would mean at least 15 ICBs will have to operate at their full capacity until further notice. Some of these include Coastal Gujarat Power Ltd, Adani Power Mundra Ltd, Essar Power Gujarat Ltd, JSW Ratnagiri Ltd., Tata Trombay Ltd., GSECL Sikka Ltd., IL&FS Tamilnadu Power Company Ltd, Muthiara-Coastal Energen, Udupi Power and so on.

“During the current year 2022-23, India met its all-time high electricity demand of about 215 GW. It has been forecasted that the peak demand will reach up to 229 GW during April 2023. To meet this demand, about 193 GW generation would be required from thermal generating stations. In the likely scenario of a gap in the demand and supply of domestic coal and essential requirement of maintaining coal stock at generating stations, the use of imported coal needs to be increased by way of blending with domestic coal in domestic coal-based plants and also by ensuring optimum generation from imported coal-based (ICB) plants. This will ease the pressure on domestic coal supply and also ensure that all the plants are available during the peak demand period,” read the ministry’s February 20 order. <https://www.moneycontrol.com/news/power/india-re-imposes-emergency-clause-imported-coal-based-power-plants-to-run-at-full-capacity-10131881.html>

#### **14. India needs Rs 33,750 crore to achieve PLI target of setting up 50 GWh of lithium-ion cell, battery manufacturing plants: Study ([moneycontrol.com](https://www.moneycontrol.com)) Feb 21, 2023**

India needs investments to the tune of Rs 33,750 crore to achieve the government PLI target of setting up 50 GWh of lithium-ion cell and battery manufacturing plants, according to a study.

The country requires up to 903 GWh of energy storage to decarbonise its mobility and power sectors by 2030, and lithium-ion batteries will meet the majority of this demand, an independent study released on Tuesday by the Council on Energy, Environment and Water (CEEW) said.

"India needs investments worth up to Rs 33,750 crore (USD 4.5 billion\*) to achieve the government PLI target of setting up 50 GWh of lithium-ion cell and battery manufacturing plants," CEEW said in the study report.

CEEW, however, noted that at the time of writing the report, the conversion rate was taken as Rs 75 per US dollar.

The CEEW study 'How can India indigenise lithium-ion battery manufacturing?' calculates the material and financial requirements and offers a blueprint for the domestic strategy as India's demand is expected to increase significantly.

Earlier this month, the government announced that 5.9 million tonnes of lithium reserves were found, for the first time in the country, in the Reasi district of Jammu and Kashmir.

Lithium is a non-ferrous metal and is one of the key components in electric vehicle batteries.

India's electric vehicle market is expected to hit annual sales of 1-crore units by 2030, according to the Economic Survey 2022-23.



As per industry estimates, the total EV sales in India stood at 10-lakh units in 2022.

The analysis, as per CEEW, is based on the minimum manufacturing plant capacity (5GWh) allocated under the Production-Linked Incentive (PLI) scheme.

"For a green future, lithium will be as important as oil and gas are today. It's in India's strategic interest to secure not just the mineral, but also set up the required cell and battery manufacturing systems within the country," said Rishabh Jain, Senior Programme Lead, CEEW.

It will reduce India's imports in the long-run, and power its grid and EV transition, he said.

To scale up domestic lithium-ion manufacturing, India should step up R&D investments, focus on battery cell component manufacturing and reducing material costs, and support recycling to reduce the need for new materials, he said.

To fulfil the overall battery demand, India will need 969-1,452 kilotonnes of anode, cathode, and electrolyte material (the components for a battery) between 2022 and 2030. This requires the country to prioritise other energy storage technologies as well, according to the study report.

The CEEW study recommends focusing on the strategic sourcing of critical minerals and pushing for research, development and demonstration in all technologies to retain competitiveness.

At the same time, reducing the cost of manufacturing batteries by innovating and updating manufacturing processes, and making policy changes to lower the cost of cell components are important, it said.

Development and deployment of batteries will have far-reaching impacts on India's energy transition journey. Currently, India is import-dependent but the government has already started mobilising resources to indigenise battery cell manufacturing, said Dhruv Warrior, Research Analyst.

"The focus on mineral processing and component manufacturing are, however, limited. The study estimates that the share of upstream component manufacturing and material processing can be as high as 61 per cent. Going forward, India must develop its capabilities to build skills, technology know-how and infrastructure to indigenise this part of the value chain too," said Warrior. <https://www.moneycontrol.com/news/business/economy/india-needs-rs-33750-crore-to-achieve-pli-target-of-setting-up-50-gwh-of-lithium-ion-cell-battery-mfg-plants-study-10134281.html>

#### **15. Himachal Pradesh: Anti-graft forum seeks SIT probe into corruption in SJPNL ([hindustantimes.com](https://www.hindustantimes.com)) Feb 21, 2023**

Forum Against Corruption (FAC), a Shimla-based group, has demanded the state government to scrap the Shimla Jal Prabandhan Nigam Limited (SJPNL) and form a special investigation team to probe "corruption" by politicians and bureaucrats managing the firm.

Addressing a press conference here, FAC convener and former Shimla Deputy Mayor Tikender Singh Panwar also demanded to rename the utility Greater Shimla Water Supply & Sewage Circle (GSWSSC) and transfer it to the Shimla Municipal Corporation, which, he said, should

have been the sole agency to run water and sewage utility in Shimla town, as mandated under the 74th Constitutional Amendment.

Panwar alleged that what was being witnessed was sheer cronyism on the part of the execution of the projects, massive corruption at the behest of previous government and officers, falling standards of work, and completely inefficient management.

The former deputy mayor said that the bulk water supply from the Sutlej River should have been completed by now but in order to favour the contractor, who is a close associate of the previous BJP government, the conditions of the tender/contract agreement were overlooked.

The company called Laxmi Construction Company in a joint venture with another company based in Gujarat was awarded the tender to lift water from Sutlej to Shimla.

Pointing out a basic problem with the design of lifting water which renders it prone to heavy damages if an earthquake occurs, Panwar alleged that in order to benefit the executing company, the project cost was revised.

“It jumped from ₹250 crore to ₹500 crore. This is a huge benefit made to the executing company and a straight loss to the exchequer,” he alleged.

“We have been informed that the executing company is still not satisfied and more than 2,000 letters have been written to SJNPL to make a fit case for arbitration. None of the letters have been replied to by the SJNPL, as whenever an executive engineer has written for the delay in the project, the person was transferred immediately,” he said. <https://www.hindustantimes.com/cities/chandigarh-news/himachal-pradesh-anti-graft-forum-seeks-sit-probe-into-corruption-in-sjnl-101676919402205.html>