NEWS ITEMS ON CAG/ AUDIT REPORTS (23.02.2023)

1.   Digital transformation, AI-driven tech platforms replacing repetitive manual processes, bringing in efficiency: CAG *(economictimes.indiatimes.com)* Feb 23, 2023

At the G20 forum, India has already made the pitch that digital transformation should not be confined to a small part of the 'human race', and its greater benefits will be realised only when digital access becomes "truly inclusive".

With the objective of defining 'Responsible AI', especially in the context of India, the Comptroller and Auditor General of India (CAG) Girish Chandra Murmu hosted a seminar at the CAG office in New Delhi on Wednesday. Eminent personalities from the field participated and shared their expertise on the subject. The G20 Secretariat and other sister G20 engagement groups such as Women20, Science20, Think20, Environment and Sustainability, Tourism, and Digital Economy also participated in the seminar.

Addressing the seminar CAG Murmu said the forum has provided an opportunity for the supreme audit institutions to engage in meaningful consultations for enhancing transparency, accountability and good governance. During our chairmanship SAI India has chosen two themes namely Responsible Artificial Intelligence and Blue Economy for such deliberations under the G20 framework, he added.

"In this era of express technological advancement, digital transformation and AI are rapidly becoming the centre of attention for the public sector enterprises. Health, Education, Taxation - there are many examples, where digital transformation and AI-driven tech platforms are replacing repetitive manual processes and bringing in efficiency," the CAG observed.

However, not all nations are on the same pedestal of research and implementation of cutting-edge technologies like AI. With the increased push by governments, developing nations are catching up fast, Murmu noted.

He said that at the G20 forum, India has already made the pitch that digital transformation should not be confined to a small part of the 'human race', and its greater benefits will be realised only when digital access becomes "truly inclusive".

This underlines the priority of the Indian government in pursuing efficiency in public service delivery through digital transformation, he said.

Murmu emphasised that in India, the government has launched the Digital India initiative which seeks to transform India into a digitally empowered society and a knowledge economy. For example, the government's programme for JAM trinity - Jan Dhan Yojana, Aadhaar and Mobile numbers has been a major milestone in utilizing the advantages of IT applications for public service delivery.

"It enabled the government to directly transfer the subsidies and other benefits to the target beneficiaries. The government has also set ambitious targets -for instance, NITI Aayog has prepared a National Strategy for Artificial Intelligence - AI for all," he said.

Stating that emerging technologies have arrived and more and more adoption is occurring in governments/organisations, Murmu highlighted the keyword of the discussion "Responsible

AI". AI has been discussed in various forums in the last decade with completely divergent viewpoints.

"For example, Stephen Hawking predicted a doomsday scenario where AI will end up enslaving humankind. But I would like to point out that humans have always been fearful of new and drastic changes as was evident when the steam engine replaced the horse cart leading to widespread panic. However, we now take automobiles to be an indispensable part of our daily lives," he said.

AI technologies while exciting also bring a certain degree of risk with them. The most significant risk associated with AI implementation in the public sector is the potential for bias.AI algorithms learn and improve themselves through identifying patterns in training data.

Similarly, even though AI-driven cyber security solutions are increasingly being used to detect malicious cyber activities, identify potential threats and respond to them in real-time; cybercriminals are also leveraging the same AI systems to create more advanced attacks, such as automated threats, against the security infrastructure and solutions.

He further added that the issue of AI-generated Deep Fakes is making it increasingly difficult to curtail the propagation of false information. That is why AI is always to be hyphenated with "responsible" i.e. it should work for the overall betterment of society, the environment and not just for humankind but for the entire planet.

"This poses a big challenge for organisations and we; auditors are not an exception to this. We discussed the challenges of Emerging IT technologies like Cyber Security and Artificial Intelligence in the recently held 6th Summit of SCO countries. Even though the different nations are at different stages of digitisation, there was a common theme in the challenges faced by all the nations," said Murmu.

The CAG said one of the outputs of this SCO meeting was the lack of standardisation in government IT applications. This is a major challenge for audit due to the extreme diversification of the platforms, applications and infrastructure used by different government entities.

"Often it is seen that different departments through working towards a common objective have systems which are incapable of either communicating with each other, or data linkages cannot be made to gain meaningful and actionable information," the CAG said.

"In this scenario, disaggregated use of AI may lead to conflicting or worse incorrect inputs for audit conclusions.For example, the Enterprise Resource Planning software used by each State Owned Enterprise (SOE) may have been procured from different software vendors," he said.

"This would result in a situation where although each SOE prepares financial statements as per the standard format prescribed by the accounting standards, each line item is computed from the underlying data in a non-standard manner," he added.

The CAG mentioned that if auditors attempt to execute Big Data Analytics or try to apply Artificial Intelligence techniques by obtaining the underlying data sets/formats from different SOEs for comparative analysis, there would be a significant investment of human effort required.

The CAG further said that this is because a detailed mapping of data definitions data structures data storage data references and how individual line items in the financial statements are computed from different data fields across tables will be necessary, for further analysis by computer algorithms.

"Therefore, there is the significant emphasis being placed on the adoption of Audit Data Standards. For example, Technical Committee 295 of the International Standards Organization is working on standards for Audit Data Services. This will significantly aid Auditors as the extraction of relevant data as per a standardized data export format from the underlying database will be enabled," he said.

He mentioned another point to ponder is whether there is a requirement of government-mandated uniform compatible data maintenance and reporting standards and a seamless interface of data captured through different software operating platforms.

"In short, I am wondering whether the government can come out with certain standards and formats on which data information maintained by different departments and agencies can be seamlessly organised for better analysis. This will help not only policy-makers and executives, but the auditors to carry out digital audits," he said.

The use of GIS technologies, face recognition, and natural language processing are some examples. Moreover, nowadays, we are witnessing a shift in approach to designing and implementing government schemes.

For example, the implementation framework for new schemes like Gati Shakti entails intensive coordination across multiple implementation ministries and departments. As a result, the Auditors also have to change their approach to assessing such schemes. In such a scenario, the dichotomy of multi-disciplinary coordination along with specialisation is a key pillar.

Technologies like AI are the only enablers in this process. Moreover, with the use of AI, the auditing step of ground verification has to be integrated with Data-driven audits. https://cio.economictimes.indiatimes.com/news/next-gen-technologies/digital-transformation-ai-driven-tech-platforms-replacing-repetitive-manual-processes-bringing-in-efficiency-cag/98171799

2.   Audit challenge. CAG urges government to adopt audit data standards (*thehindubusinessline.com*) February 22, 2023

Lack of standardisation in underlying data structures across government IT applications poses audit challenge, says CAG Girish Chandra Murmu

The government must adopt audit data standards to ensure that the data/information maintained by various departments and agencies can be seamlessly organised for better analysis, Girish Chandra Murmu, Comptroller and Auditor General of India (CAG) said on Wednesday.

Lack of standardisation in the underlying data structures across government IT applications has been one of the major challenges for audit due to the extreme diversification of the platforms/applications and infrastructure used by different government entities, Murmu said at a seminar on 'Responsible Artificial Intelligence' in the capital.

"In many cases, different departments have systems which are incapable of either communicating with each other, or data linkages cannot be made to gain meaningful and actionable information. In this scenario, disaggregated use of AI may lead to conflicting or at worse incorrect inputs for audit conclusions," Murmu said.

As India holds the Presidency of the G20, the CAG — which is government auditor— is the Chair for the SAI-20– the engagement group of Supreme Audit Institutions (SAI) of the G20. During the chairmanship, SAI-India has chosen two themes — Responsible AI and Blue Economy for deliberations so as to enhance transparency, accountability and good governance.

More disclosure in audit reports for educational institutions, hospitals, charitable/religious trusts required from FY24

Murmu highlighted that adopting audit data standards will help not only policymakers and executives, but also auditors in carrying out digital audits.

Standardisation will significantly aid auditors as extraction of relevant data as per a standardised data export format from the underlying database will be enabled, he said.

To buttress his point on lack of standardisation, Murmu cited the example of enterprise resource planning (ERP) software used by each State-owned enterprise (SOE) having been procured from different vendors.

This would result in a situation where although each SOE prepares financial statements as per the standard format prescribed by the accounting standards, each line item is computed from the underlying data in a non-standardised manner.

"If auditors attempt to execute Big Data analytics or try to apply AI techniques by obtaining the underlying data sets/formats from different SOEs for comparative analysis, there would be significant investment of human effort required," he said.

This is because a detailed mapping of data definitions, data structures, data storage, data references and how individual line items in the financial statements are compared from different data fields across tables will be necessary, for further analysis by computer algorithms.

Adopting new tech
Murmu highlighted the increasing adoption of new technologies for audit work, in the CAG offices. Through use of AI, CAG offices are trying to go beyond the limitations of traditional audit processes – moving from sample-based audits to auditing the complete population data, and risk-driven sample selection, he added.

Murmu emphasised that in this era of express technological advancement, digital transformation and AI were rapidly becoming the centre of attention for public sector enterprises. Referring to the launch of the Digital India initiative, CAG added that the Government is increasingly focusing on providing access to technology, digital infrastructure, and digital literacy.

Discussing the advantages of AI, CAG highlighted areas like Health, Education, Taxation, where Digital Transformation and AI driven tech platforms have replaced the repetitive manual processes, brought efficiency through informed policy decisions. He further stressed on the risks like "Bias in the algorithms" and "privacy concerns for the individuals" associated with AI implementation in the public sector companies. https://www.thehindubusinessline.com/economy/policy/cag-urges-government-to-adopt-audit-data-standards/article66540508.ece

3.   CAG Murmu Emphasises on Need for Adopting 'Audit Data Standards' *(outlookindia.com, ptinews.com, newsdrum.in)* Updated: February 23, 2023

The Comptroller and Auditor General of India (CAG) explained that one of the major challenges for audit was lack of standardisation in underlying data structures across government IT applications

CAG Girish Chandra Murmu on Wednesday underlined the need for adopting 'Audit Data Standards' to the Government, which will help not only policymakers and executives, but the auditors in carrying out digital audits. In order to have an overview on the theme 'Responsible AI', especially in the context of India, the CAG hosted a seminar inviting eminent personalities to speak and share their expertise on the subject.

The Comptroller and Auditor General of India (CAG) explained that one of the major challenges for audit was lack of standardisation in underlying data structures across government IT applications. In many cases, different departments have systems which are incapable of either communicating with each other, or data linkages cannot be made to gain meaningful and actionable information.

"I am wondering whether government can come out with certain standards and formats on which data/information maintained by different departments/agencies can be seamlessly organised for better analysis. This will help not only policymakers and executives, but the auditors to carry out digital audits," Murmu said.

The CAG highlighted the increasing adoption of new technologies for audit work, in the CAG offices. Through the use of AI, the CAG offices are trying to go beyond the limitations of traditional audit processes - moving from sample-based audits to auditing the complete population data, and risk-driven sample selection.

Speaking at the occasion, Alkesh Kumar Sharma, Secretary MeiTY, explained India is the home to the third largest and fastest growing AI (Artificial Intelligence) ecosystem in the world. In this era of digital transformation, role of AI technologies becomes crucial in bringing accountability and transparency in delivery of public services, he said.

The secretary also talked about how the government is moving towards evidence-based policy formulation and facilitating the acceleration that is being brought for the development of innovative startup ecosystem in India. Rohini Shrivastha, CTO Microsoft India, explained the principles for responsible and ethical use of AI and also emphasised on the need for risk-based regulation of AI technologies. The CAG is the chair for SAI 20, which is the engagement group of Supreme Audit Institutions (SAI) of the G20. https://www.outlookindia.com/business/cag-murmu-emphasises-on-need-for-adopting-audit-data-standards--news-264529

**4.	'Using AI, CAG to go beyond limitations of traditional audit processes'** *(lokmattimes.com, ians.in, bhaskarlive.in, newsroomodisha.com, daijiworld. com)* Updated: February 23, 2023

With the use of Artificial Intelligence, CAG offices are trying to go beyond the limitations of traditional audit processes -- moving from sample-based audits to auditing complete population data and risk-driven sample selection, said Girish Chandra Murmu, Comptroller and Auditor General.

Addressing an event organised by the CAG's office here, Murmu said that one of the major challenges for audit was lack of standardisation in underlying data structures across government IT applications.

In many cases, different departments have systems which are incapable of either communicating with each other, or data linkages cannot be made to gain meaningful and actionable information.

Murmu pointed out the need for adoption of audit data standards, which will help not only the policymakers and executives, but the auditors in carrying out digital audits.

"AI has been discussed in various fora in the last decade with completely divergent viewpoints. For example, Stephen Hawking predicted a doomsday scenario where AI will end up enslaving the humankind. But I would like to point out that humans have always been fearful of new and drastic changes as was evident when steam engines replaced the horse cart, leading to widespread panic. However, we now take the automobile to be an indispensable part of our daily lives," Murmu said.

Discussing the advantages of AI, Murmu highlighted areas like health, education and taxation, where digital transformation and AI-driven tech platforms have replaced the repetitive manual processes, bringing efficiency through informed policy decisions.

Murmu also stressed on the risks like 'bias in the algorithms' and 'privacy concerns for individuals' associated with AI implementation in the public sector. https://www.lokmattimes.com/politics/using-ai-cag-to-go-beyond-limitations-of-traditional-audit-processes/

**5.	India's CAG has a warning for ChatGPT users** *(financialexpress.com)* Updated: February 23, 2023

Explaining that India is the home to third largest and fastest growing AI ecosystem in the world, Alkesh Kumar Sharma, secretary, Ministry of Electronics and Information Technology, said in his speech, "In this era of digital transformation, role of AI technologies becomes crucial in bringing accountability and transparency in delivery of public services."

The Comptroller and Auditor General of India (CAG) echoed the sentiments of many tech experts on Wednesday when he said that AI technologies like ChatGPT, despite being an exciting technology, come with a potential risk of biasness.

The national auditor Girish Chandra Murmu while addressing the seminar themed "AI and Data Analytics" said that "AI technologies while being exciting also bring a certain degree of risk with them. The most significant risk associated with AI implementation in the public sector is the potential for bias."

While ChatGPT is seen as a path-breaking technology, many have accused the technology of being "woke" and giving biased responses. Expressing concerns around AI's ability to learn and improve itself, Murmu said that AI algorithms learn and improve themselves through identifying pattern in training data and the entire algorithm would be vulnerable to similar bias. "Another risk of AI implementation in the public sector is privacy concerns for the individuals."

While the indispensability for AI to detect malicious cyber activities, identifying potential threats and in responding to them in the forseeable future is bound to increase, AI is also being used by cyber criminals to create more advanced attacks against security infrastructure and solutions, he said.

"That is why AI is always to be hyphenated with 'responsible' i.e., it should work for overall betterment of society, environment and not just for humankind but for the entire planet," Murmu added.

Explaining that India is the home to third largest and fastest growing AI ecosystem in the world, Alkesh Kumar Sharma, secretary, Ministry of Electronics and Information Technology, said in his speech, "In this era of digital transformation, role of AI technologies becomes crucial in bringing accountability and transparency in delivery of public services." Sharma added how the government is moving towards evidence-based policy formulation and facilitating the acceleration that is being brought for the development of innovative start-up ecosystem in India.

Another speaker, Rohini Shrivastha, CTO, Microsoft India, explained the principles for responsible and ethical use of AI and also emphasised on the need for risk-based regulation of AI technologies. https://www.financialexpress.com/life/technology-indias-cag-has-a-warning-for-chatgpt-users-2990448/

6.   AI Indispensable but Has Significant Potential for Bias, Cautions Auditor *(ndtv.com)* Updated: February 23, 2023

The national auditor Girish Chandra Murmu said, AI algorithms learn and improve themselves through identifying pattern in training data and the entire algorithm would be vulnerable to similar bias.

Extolling the virtues and the indispensability of artificial intelligence (AI)-based applications, the Comptroller and Auditor General of India (CAG) on Wednesday said that the "most significant risk associated with AI implementation in the public sector is the potential for bias."

Addressing a seminar themed "AI and Data Analytics" on Wednesday, the national auditor Girish Chandra Murmu said in his address: "AI technologies while being exciting also bring a certain degree of risk with them. The most significant risk associated with AI implementation in the public sector is the potential for bias."

He said, AI algorithms learn and improve themselves through identifying pattern in training data and the entire algorithm would be vulnerable to similar bias. "Another risk of AI implementation in the public sector is privacy concerns for the individuals."

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Mr Sharma added how the government is moving towards evidence-based. https://www.ndtv.com/india-news/ai-indispensable-but-has-significant-potential-for-bias-cautions-auditor-3806260

7.   AI indispensable but potential for bias significant, cautions CAG *(aninews.in, theprint.in, devdiscourse.com)* 22 February, 2023

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his speech, "In this era of digital transformation, role of AI technologies becomes crucial in bringing accountability and transparency in delivery of public services."

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Another speaker, Rohini Shrivastha, CTO, Microsoft India, explained the principles for responsible and ethical use of AI and also emphasised on the need for risk-based regulation of AI technologies. https://www.aninews.in/news/business/business/ai-indispensable-but-potential-for-bias-significant-cautions-cag20230222212917/

8.   India at G20 Forum: Digital transformation should not be confined to small part of "human race", says CAG *(aninews.in, theprint.in, bignewsnetwork.com, devdiscourse.com)* Updated: February 22, 2023

In order to have an overview of the theme 'Responsible AI', especially in the context of India, the Comptroller and Auditor General of India (CAG) Girish Chandra Murmu hosted a seminar today at the CAG office in New Delhi inviting eminent personalities to speak and share their expertise on the subject.

Addressing the seminar CAG said, "I am delighted that the G20 Secretariat and our other sister G20 engagement groups Women20, Science20, Think20, Environment and Sustainability, Tourism, and Digital Economy are also represented here."

CAG said that this forum has provided an opportunity for the Supreme Audit Institutions to engage in meaningful consultations for enhancing transparency, accountability and good governance. During our chairmanship SAI India has chosen two themes Responsible Artificial Intelligence and Blue Economy for such deliberations under the G20 framework.

CAG said, "In this era of express technological advancement, digital transformation and AI are rapidly becoming the centre of attention for the public sector enterprises. Health, Education, Taxation – there are many examples, where Digital Transformation and AI-driven tech platforms are replacing repetitive manual processes and bringing in efficiency."

Murmu said that however, not all nations are on the same pedestal of research and implementation of cutting-edge technologies like AI. With the increased push by Governments, developing nations are catching up fast.

He said that at the G20 Forum, India has already made the pitch that digital transformation should not be confined to a small part of the "human race"; and its greater benefits will be realised only when digital access becomes "truly inclusive".

"This underlines the priority of the Indian Government in pursuing efficiency in public service delivery through Digital transformation," he said.

Murmu emphasised that in India, the Government has launched the Digital India initiative which seeks to transform India into a digitally empowered society and a knowledge economy. For example, the Government's programme for JAM trinity – Jan Dhan Yojana, Aadhaar and

Mobile numbers has been a major milestone in utilizing the advantages of IT applications for Public Service Delivery.

"It enabled the government to directly transfer the subsidies and other benefits to the target beneficiaries. The Government has also set ambitious targets -for instance, NITI Aayog has prepared a National Strategy for Artificial Intelligence – AI for all," he said.

He added that emerging technologies have arrived and more and more adoption is occurring in governments/organisations. However, the key word in today's discussion is "Responsible" AI. AI has been discussed in various forums in the last decade with completely divergent viewpoints.

"For example, Stephen Hawking predicted a doomsday scenario where AI will end up enslaving humankind. But I would like to point out that humans have always been fearful of new and drastic changes as was evident when the steam engine replaced the horse cart leading to widespread panic. However, we now take automobiles to be an indispensable part of our daily lives," he said.

AI technologies while exciting also bring a certain degree of risk with them. The most significant risk associated with AI implementation in the public sector is the potential for bias.AI algorithms learn and improve themselves through identifying patterns in training data.

Similarly, even though AI-driven cyber security solutions are increasingly being used to detect malicious cyber activities, identify potential threats and respond to them in real-time; cybercriminals are also leveraging the same AI systems to create more advanced attacks, such as automated threats, against the security infrastructure and solutions.

He further added that the issue of AI-generated Deep Fakes is making it increasingly difficult to curtail the propagation of false information. That is why AI is always to be hyphenated with "responsible" i.e. it should work for the overall betterment of society, the environment and not just for humankind but for the entire planet.

"This poses a big challenge for organisations and we; auditors are not an exception to this. We discussed the challenges of Emerging IT technologies like Cyber Security and Artificial Intelligence in the recently held 6th Summit of SCO countries. Even though the different nations are at different stages of digitisation, there was a common theme in the challenges faced by all the nations," said Murmu.

The CAG said one of the outputs of this SCO meeting was the lack of standardisation in government IT applications. This is a major challenge for audit due to the extreme diversification of the platforms, applications and infrastructure used by different government entities.

"Often it is seen that different departments through working towards a common objective have systems which are incapable of either communicating with each other, or data linkages cannot be made to gain meaningful and actionable information," the CAG said.

"In this scenario, disaggregated use of AI may lead to conflicting or worse incorrect inputs for audit conclusions.For example, the Enterprise Resource Planning software used by each State Owned Enterprise (SOE) may have been procured from different software vendors," he said.

"This would result in a situation where although each SOE prepares financial statements as per the standard format prescribed by the accounting standards, each line item is computed from the underlying data in a non-standard manner," he added.

The CAG mentioned that if auditors attempt to execute Big Data Analytics or try to apply Artificial Intelligence techniques by obtaining the underlying data sets/formats from different SOEs for comparative analysis, there would be a significant investment of human effort required.

The CAG further said that this is because a detailed mapping of data definitions data structures data storage data references and how individual line items in the financial statements are computed from different data fields across tables will be necessary, for further analysis by computer algorithms.

"Therefore, there is the significant emphasis being placed on the adoption of Audit Data Standards. For example, Technical Committee 295 of the International Standards Organization is working on standards for Audit Data Services. This will significantly aid Auditors as the extraction of relevant data as per a standardized data export format from the underlying database will be enabled," he said.

He mentioned another point to ponder is whether there is a requirement of government-mandated uniform compatible data maintenance and reporting standards and a seamless interface of data captured through different software operating platforms.

"In short, I am wondering whether the government can come out with certain standards and formats on which data information maintained by different departments and agencies can be seamlessly organised for better analysis. This will help not only policy-makers and executives, but the auditors to carry out digital audits," he said.

The use of GIS technologies, face recognition, and natural language processing are some examples. Moreover, nowadays, we are witnessing a shift in approach to designing and implementing government schemes.

For example, the implementation framework for new schemes like Gati Shakti entails intensive coordination across multiple implementation ministries and departments. As a result, the Auditors also have to change their approach to assessing such schemes. In such a scenario, the dichotomy of multi-disciplinary coordination along with specialisation is a key pillar.

Technologies like AI are the only enablers in this process. Moreover, with the use of AI, the auditing step of ground verification has to be integrated with Data-driven audits. https://www.aninews.in/news/national/general-news/india-at-g20-forum-digital-transformation-should-not-be-confined-to-small-part-of-human-race-says-cag20230222213747/

9.   CAG Girish Chandra Murmu Stresses on 'Audit Data Standards' *(pragativadi.com)* February 22, 2023

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In order to have an overview on the theme 'Responsible AI', especially in the context of India, the CAG hosted a seminar inviting eminent personalities to speak and share their expertise on the subject.

The Comptroller and Auditor General of India (CAG) explained that one of the major challenges for audit was lack of standardisation in underlying data structures across government IT applications. https://pragativadi.com/cag-girish-chandra-murmu-stresses-on-audit-data-standards/

10.   Stephen Hawking makes his presence felt at CAG's seminar themed AI and data analytics *(theweek.in)* Updated: February 22, 2023

What do Stephen William Hawking, among the most accomplished and foremost theoretical physicists, who passed away about five years ago at UK's Cambridge, and India's Comptroller and Auditor General (CAG)—the national auditor—have in common?

A lot, when it comes to taking contrarian positions when it comes to Artificial Intelligence (AI).

On Wednesday, during an event on organised by the CAG's office in the national capital, Hawking's name was invoked several times—first in the CAG Girish Chandra Murmu's address and then during the question and answer session.

Murmu said, "Stephen Hawking predicted a doomsday scenario where AI will end up enslaving humankind, but I would like to point out that humans have always been fearful of new and drastic changes as was evident when steam engines replaced the horse cart, leading to widespread panic. However, we now take automobile to be indispensable part of our lives."

On November 6, 2017, giving a talk at the Web Summit technology conference in Lisbon, Portugal, Hawking had described the emergence of AI to be the "worst event in the history of our civilization" and that society had to find a way to control its development.

"Unless we learn how to prepare for, and avoid, the potential risks, AI could be the worst event in the history of our civilization. It brings dangers, like powerful autonomous weapons, or new ways for the few to oppress the many. It could bring great disruption to our economy."

"Computers can, in theory, emulate human intelligence, and exceed it", the high-profile scientist had said.

Besides senior audit officials, the seminar was attended by the secretary, ministry of electronics and information technology, and representations from the G20 secretariat and other G20 engagement groups.

However, the CAG highlighted risks of using AI with reference to "bias in algorithms" and "privacy concerns for the individuals".

The national auditor is undertaking an effort to go beyond the limitations of traditional auditing processes by moving from sample-based audits to the complete population data—a herculean task in itself.

In keeping with the huge developments in AI and its consequent applications in public life, the Indian government has also set ambitious targets. The governmental think-tank NITI Aayog has already prepared a National Strategy for AI. https://www.theweek.in/news/india/2023/02/22/stephen-hawking-makes-his-presence-felt-at-cags-seminar-themed-ai-and-data-analytics.html

11.   कैग ने 'लेखा-

परीक्षा आंकड़ा मानक' अपनाने की जरूरत पर जोर दिया *(punjabkesari.in, bhasha.ptin ews.com, ibc24.in)* Updated: Feb 22 2023

भारत के नियंत्रक और महालेखा परीक्षक (कैग) गिरीश चंद्र मुर्मू ने बुधवार को सरकार के लिए 'लेखा-परीक्षा आंकड़ा मानक' अपनाने की जरूरत पर जोर दिया।.

उन्होंने कहा कि इससे न केवल नीति निर्माताओं और अधिकारियों को मदद मिलेगी, बल्कि डिजिटल लेखा-परीक्षा में लेखा परीक्षकों का काम भी आसान होगा।.

कैग ने विशेष रूप से भारत के संदर्भ में 'जिम्मेदार एआई' (कृत्रिम मेधा) विषय पर अपने संबोधन में कहा कि लेखा-
परीक्षा के लिए प्रमुख चुनौतियों में से एक सरकारी आईटी अनुप्रयोगों में मानकीकरण की कमी थी। https://www.punjabkesari.in/state/news/pti-state-story-1776706

12.   CBIC Directs Antecedent Verification to be completed within 45 Days *(livelaw.in)* 23 Feb 2023

The Central Board of Indirect Taxes and Customs (CBIC) has issued the circular directing that the antecedent verification be completed within 45 days of receipt of the application.

The Board has noted that antecedent verification is facing unreasonable delays at certain field formations. In order to ensure that verification is completed in a timely manner, it has been decided to amend Circular 26/2016-Customs.

Circular No. 26/2016-Customs dated June 09, 2016, provides for a centralized system of antecedent verification of the applicants of licenses under the Public Warehousing Licensing Regulations, 2016; the Private Warehousing Regulations, 2016; or the Special Warehousing Regulations, 2016.

The CAG of India, in Report No. 19 of 2022 (Performance Audit), has also observed that there is a non-capture of details in the application for a warehousing license, the annual renewal of the solvency certificate, the annual renewal of the risk insurance policy, and the irregular storage of goods in public and private bonded warehouses. https://www.livelaw.in/news-updates/cbic-antecedent-verification-completed-45-days-222308

13.   Unreasonable delays in Antecedent Verifications: CBIC issues circular to complete verification within 45 days *(taxscan.in)* February 22, 2022

The Central Board of Indirect Taxes & Customs (CBIC) noticed unreasonable delay in the antecedent verifications at certain field information. Thus, the board amended the old circular and inserted that the antecedent verification must be completed within 45 days of receipt of the application.

Circular No. 26/2016-Customs, dated June 09, 2016, which provided for a centralised system of antecedent verification of licence applicants under the Public Warehousing Licensing Regulations, 2016, Private Warehousing Regulations, 2016, and Special Warehousing Regulations, 2016, was amended by the Central Board of Indirect Taxes & Customs (CBIC) with Circular No. 05/2023-Customs, dated February 21, 2023, in order to further provide that the antecedent verification must be completed within 45 days of receipt of the application.

A centralised system of antecedent verification of licence applicants under the Public Warehousing Licensing Regulations, the Private Warehousing Licensing Regulations, or the Special Warehousing Licensing Regulations, 2016, is provided for in Paragraph 4.1 of Circular 26/2016-Customs, dated June 09, 2016.

The Comptroller Auditor General (CAG) of India made additional observations regarding the above Circular's implementation in Report No. 19 of 2022 (Performance Audit), specifically regarding the failure to include certain information in applications for warehousing licences, the annual renewal of solvency certificates, the annual renewal of risk insurance policies, and the erroneous storage of goods in public and private bonded warehouses. The Board orders that it be made sure that the applicant correctly complies with all stipulated requirements and that the officer(s) in question thoroughly inspects them. https://www.taxscan.in/unreasonable-delays-in-antecedent-verifications-cbic-issues-circular-to-complete-verification-within-45-days/256461/

STATES NEWS ITEMS

14.   BDA's Kanminike Layout near Kengeri incurs ₹450 crore loss owing to bad planning: CAG *(thehindu.com)* 22 February 2023

So far, 85% of these flats have remained unsold

The Bangalore Development Authority's Kanminike housing project in Kengeri near Mysore Road has caused the State government losses to the tune of ₹451.53 crore owing to improper planning and execution, said a report of the Comptroller Auditor General of India (CAG).

The report for the year ending March 2021 on Departments and PSUs was tabled in the Legislative Assembly on Wednesday.

The BDA built the housing project to provide affordable housing. So far, 85% of these flats have remained unsold. The BDA's failure to properly assess the demand for the project coupled with lack of a proper approach road are the main reasons for the loss, the report said.

Project started in 2012

The BDA started the project in May 2012 and has built flats under five phases here on a spread of 50 acres granted by the State government. Under Phase 1, the development authority built 608 single BHK flats for the EWS section, 384 flats 2 BHK flats for Low Income Group section, and 320 three BHK flats for Middle Income Group section.

The work was awarded to the contractor in May 2012 and was expected to be completed by November 2013. The incomplete project was abandoned by the contractor by 2015 and the BDA terminated the work by paying the contractor about ₹27 crore for works executed until then.

The BDA began construction of 1,068 flats under Phase II to Phase IV. These were built by 2017 at a cost of ₹ 244 crore. The Phase V too was launched for 432 flats at a cost of ₹ 184 crore and was completed by 2018. However, the BDA failed to notify flats for allotment until March 2022 due to pending stock of flats.

As a result, at the end of December 2021, about 85% of the flats remained unsold. The total estimated cost of the housing project was ₹492 crore, the CAG report stated.

Only 4% (21 of 540) of the 3 BHK flats were sold while 21% of the (203 out of 960) 2 BHK flats were sold, it further added. The BDA did not conduct any demand survey to assess the viability of the project, the CAG pointed out, recommending that development authority take up housing projects only after demand survey.

Status of PSUs

Out of 124 PSU, 111 PSUs are working and 13 PSUs non-working. Out of 111 working PSUs, the report said 47 PSUs earned profit of ₹2,986.47 crore and 42 PSUs incurred a total loss of ₹8,124.12 crore.

The major contributions to profit were from KPCL (₹1,209.56 crore) and KPTCL (₹ 398.93 crore). Significant losses by HESCOM (₹2490.26 crore) and RPCL (₹1431.84 crore). https://www.thehindu.com/news/cities/bangalore/bdas-kanminike-layout-near-kengeri-incurs-450-crore-loss-owing-to-bad-planning-cag/article66540425.ece

15. CAG: BDA violated BBMP bylaws on road to flats *(newindianexpress.com)* 23rd February 2023

BENGALURU: The Bangalore Development Authority (BDA) has violated Bruhat Bengaluru Mahanagara Palike (BBMP) building bylaws by not constructing an approach road for high-rise buildings. Because of this, the authority has been able to sell only 224 of the 1,500 flats constructed during Phase II-V at its layout in Kengeri in Bengaluru, says the CAG report.

The total cost of the entire project was Rs 457.15 crore. The CAG report that was tabled in the Assembly on Wednesday points out that BDA failed to make provisions for the approach road owing to land acquisition issues, while the BBMP building bylaw says that a minimum road width of 12 metres and the approach road is essential for all housing units.

"The absence of a proper approach road contributed to the low demand for the housing units constructed," the Comptroller and Auditor General (CAG) noted.

The CAG objected and said the Phase I of 608 flats by BDA for economically weaker sections was awarded to a contractor in May 2012 with a due date by November 2013. However, the contractor did not complete the works even by January 2015. The electrical, sanitary and miscellaneous works were not carried out and it has remained abandoned. In April 2016, BDA terminated the work at the risk and cost of the contractor after making payment to Rs 27.24 crore. Later in 2016, BDA took custody of material at site worth Rs 0.91 crore which were stored in the basement.

Meanwhile, flats under Phase II to IV were completed in April 2017. Despite flats unsold, BDA initiated Phase V of the project and completed it in September 2018. But these flats were not allotted even in March 2022. According to the CAG report, out of the 1,500 flats built at a cost of Rs 457.15 crore, only 224 were sold. CAG also objected to Phase I which is incomplete with materials dumped.

There has been damage to materials over the last six years, causing further loss to the Authority. CAG has recommended BDA should take up housing projects only after conducting proper demand surveys and ensuring that basic infrastructure including approach roads were provided. https://www.newindianexpress.com/states/karnataka/2023/feb/23/cag-bda-violated-bbmp-bylaws-on-road-to-flats-2550005.html

16.   CAG: Shoddy work saw Bangalore Development Authority 12 hour shifts miss out on Rs 451 crore revenue *(timesofindia.indiatimes.com)* Feb 23, 2023

BENGALURU: The Comptroller and Auditor General (CAG) heavily criticised Bangalore Development Authority (BDA) over what it called "improper" execution of a housing project at Kaniminike near Kumbalgodu, off Bengaluru-Mysuru Expressway.

In a report tabled in the legislature on Wednesday, CAG revealed the project resulted in unrealised revenue of Rs 451.5 crore, besides wasteful expenditure of Rs 27.2 crore. It also did not fulfil its intended objective of providing houses for people from economically weaker sections (EWS).

CAG said BDA did not conduct a 'demand survey' to assess viability of the project with the result that only 15% (224 of 1,500) of the completed flats were allotted. Only 4% (21 of 540) 3BHK flats were allotted, compared to 21% (203 of 960) for 2BHK flats. The report said BDA, in 2007, was allotted 326.2 acres of land at 17 different locations on payment of 50% guidance value, with the rider that the land had to be utilised within three years to provide affordable housing for EWS.

"BDA launched affordable housing projects from May 2012 to September 2018 in five different phases at Kaniminike village of Kengeri hobli on 50 acres of land out of its own funding," the report said. The project envisaged 608 1BHK flats, 384 2BHK flats and 320 3BHK flats.

"While work was awarded in May 2012 with a deadline of November 2013 at a cost of Rs 166.3 crore, the contractor could only complete the foundation and structural work of a 1BHK block and only the foundation work of 2 and 3BHK flats until January 2015. The project was then abandoned.

BDA then terminated the contract in April 2016 after paying Rs 27.2 crore," the auditors found. As if this was not enough, BDA launched Phase 5 of the project in September 2016. It envisaged building 432 flats at a cost of Rs 184.9 crore although it was already sitting on unsold inventory of 1,068 flats completed under Phase 2 to Phase 4 (Rs 245 crore).

BDA also availed a bank loan of Rs 40 crore for Phase 5 at an interest varying from 7.8 to 9% from 2018 to 2021. While BDA was successful in completing Phase 5 work in 2018, it could not notify flats for allotment due to pending stock under earlier phases. Exploring reasons for poor sale, CAG found BDA had failed to plan an approach road, besides a 12m wide road as per BBMP building bylaws.

"As a result, by the end of December 2021, around 85% of flats constructed during Phase 2 to 5 at Kaniminike remained unsold. Also, BDA did not initiate action to restart work taken up under Phase 1 and recover extra costs from the defaulting contractor. "These delays resulted in piling up of stock. This defeated the in - tended objective of the government," CAG said. https://timesofindia.indiatimes.com/city/bengaluru/cag-shoddy-work-saw-bangalore-development-authority-12-hour-shifts-miss-out-on-rs-451-crore-revenue/articleshow/98165879.cms

17.   Awarding roadworks after one or two bids deprived competitive rates in Karnataka: CAG *(thehindu.com)* February 22, 2023

Contracts worth ₹2,738.86 crore (75% of the sample works) were awarded after only one or two bids were received, which deprived the State of an opportunity to secure competitive rates

The Comptroller Auditor General of India (CAG) report on Performance Audit on "Planning and Contract Management of Road Works in PWD" said that contracts of ₹ 2,738.86 crore (75% of the sample works) comprising 373 works were awarded after only one or two bids were received, without resorting to retendering, which deprived the State an opportunity of obtaining competitive rates for the works executed.

The report, which was tabled in the Legislative Assembly on Wednesday, said award of contract in 43 single bids with tender premium more than 10% had resulted in extra financial implication of ₹ 18.68 crore.

The performance was conducted from August 2021 to March 2022 covering the period from 2016-17 to 2020-21.

The tender inviting authorities stipulated higher specification of machineries and tenders were invited only from a higher class of contractors than required for the works. There was no database of contractors in place to verify the bid capacity. As a result, the department either allowed ineligible contractors to participate or restricted single contractors from participating and thereby limiting the competition, the CAG said.

There were inordinate delays in completion of works on flimsy grounds like excessive rain, protest by villagers and land disputes. The cost estimates for road works were not prepared in accordance with Indian Road Congress norms and government instructions. As a result, the government   incurred   a   loss   of   ₹   38.63   crore,   it

said. https://www.thehindu.com/news/national/karnataka/awarding-roadworks-after-one-or-two-bids-deprived-competitive-rates-cag/article66540520.ece

18.   75% of 373 contracts of PWD given to single, two bidders, says CAG *(newindianexpress.com)* 23 February 2023

BENGALURU: Amidst allegations of irregularities in awarding works to contractors, the Comptroller and Auditor General (CAG) report on "Planning and Contract Management of Road Works" in the Public Works Department (PWD) pointed to large-scale malpractice between 2016 and 2021 in the department. Interestingly, during the period, all the three major parties -- Congress, Janata Dal (Secular) and BJP -- were in power.

The performance audit was conducted covering the financial years 2016-17 to 2020-21. The CAG report, which was tabled in the Assembly on Wednesday, stated that tender-inviting authorities stipulated higher specifications of machinery and invited tenders from the higher class of contractors than required for the works.

It said there was no database of contractors to verify the bid capacity. "... The department either allowed ineligible contractors to participate or restricted eligible contractors from participating and thereby limiting competition," it stated.

Of the 499 works awarded during the period, 131 had just single bidders and 242 projects had two bidders. The total worth of works was Rs 2,738.86 crore of the entire Rs 3,583 crore of projects taken up during these years. Of the 131 works with just single bidders, contractors quoted 11 per cent to 32 per cent higher than the Tender Statement of Compliance rate.

"This is a violation of Karnataka PWD Code that says in case of single bid, suspected collusion, or where the lowest evaluated responsive bid is substantially above the estimated cost, in such cases, the first choice is for rejection of all tenders and re-inviting fresh tenders," the CAG said.

Many contractors violated norms: Report
The CAG recommended to the state government to include necessary provisions under the KPWD code to initiate disciplinary action against tender-accepting authorities for approving bids with single bidders in violation of government rules.

As per the Indian Road Congress guidelines, field labs should be set up for quality test, but many contractors violated these norms, the report said. PWD released Rs 1,480 crore to contractors in 333 instances to set up field labs, but contractors did not, and they also failed to include quality control test reports with the bills. The department could have penalised the contractors before clearing the bills, it stated. The CAG recommended to the government to issue orders to fix responsibilities on officers for making payment without quality control test reports. https://www.newindianexpress.com/states/karnataka/2023/feb/23/75-of-373-contracts-of-pwd-given-to-single-two-bidders-says-cag-2550015.html

19.   Rs 573 crore spent, but citizens of Bengaluru face huge power outages *(timesofindia.indiatimes.com)* Feb 23, 2023

BENGALURU: A Rs 573-crore automation project by Bangalore Electricity Supply Company (Bescom) to cut down the annual power outage faced by a consumer in Bengaluru has run into

cost and time overruns, inviting sharp comments from the Comptroller and Auditor General of India (CAG).

The plan was to bring down the average power outage to 31 hours a year. With the project remaining a non-starter for long, the consumer faced outages between 42 and 126 hours a year until 2021.

CAG's latest report says a seven-year delay in implementation of the Distribution Automation System (DAS) project, which took off only in 2019, was a major reason for the high outage rate. The delay meant additional expenditure on upgrading the outdated system and software.

As per the report, Bengaluru city was reeling under outage in 2003-04 with an average interruption duration of 86.2 hours annually. The figures for Chennai and New Delhi were 21 and 31 hours, respectively.

"Bescom planned to implement DAS in its 14 divisions to reduce the average outage to 31 hours, besides bringing down the duration of fault from 155-230 minutes to 43 minutes and reducing distribution losses from 10.6% to 9%. Bescom had planned to increase the energy sales to an annual accrual of Rs 13 crore," the report said.

The dismal state of affairs continued even after the project was implemented. "The overall outage hours remained high ranging from 42.8 hours to 134.5 hours during 2019-20 and 2020-21. Thus, the desired benefits have not been yielded as of March 2022.

The other parameters such as distribution loss, faultrestoration duration and increase in energy sales were not evaluated by the company. Hence, the project with an outlay of Rs 573 crore had not yielded the desired outcomes, besides warranting upgradation of the entire system additional cost," the report said.

Planned in December 2004, DAS was expected to be ready by January 2012. However, Bescom could finalise the project location and other aspects only in July 2014 and complete the construction in December 2016.

"This apart, there were delays in obtaining ultra-high frequency and radio frequency allocation which were completed in 2017. Further, there were inconsistencies in the GIS data of the consumers and quality issues... These delays impacted the overall completion of the project," the report said,

The state government attributed the delay to statutory clearances for spectrum allocation that was outside Bescom's purview. CAG did not accept the clarification as Bescom took more than 3-9 years from the date of the loan agreement for resurveying of feeders and added that Bescom failed "to resolve various bottlenecks" which were well within its purview.

While Bescom said it could bring down the outages to 51.9 hours per customer, CAG said the achievement was way beyond the target of 31.4 hours. https://timesofindia.indiatimes.com/city/bengaluru/rs-573-crore-spent-but-citizens-of-bengaluru-face-huge-power-outages/articleshow/98163907.cms

20. कैग रिपोर्ट से बड़ा खुलासा! ब्रज तीर्थ परिषद के निर्माण कार्य में नियमों की जमकर अनदेखी *(livehindustan.com)* 23 Feb 2023

उत्तर प्रदेश ब्रज तीर्थ विकास परिषद में आने वाले स्मारक क्षेत्र निर्माण में मनमानी का खुलासा हुआ है। इसे बनने से पहले भारतीय पुरातत्व सर्वेक्षण से जरूरी मंजूरी प्राप्त नहीं की गई। इसके चलते 1.36 करोड़ बेजा खर्च हुआ है। भारत के नियंत्रक महालेखापरीक्षक (कैग) की बुधवार को विधानसभा में पेश की गई रिपोर्ट में इसका जिक्र किया गया है।

इसमें कहा गया है कि प्राचीन स्मारक और पुरातत्व स्थल एवं अवशेष अधिनियम में दी गई व्यवस्था के आधार पर संरक्षित क्षेत्र या इसकी सीमा के सभी दिशाओं में 100 मीटर तक प्रतिबंधित क्षेत्र होता है। राष्ट्रीय महत्व वाले ऐसे स्थलों में यह 200 मीटर तक होता है। इसमें निर्माण पर सजा या जुर्माने का प्रावधान है। उत्तर प्रदेश ब्रज तीर्थ विकास परिषद ने जिला मथुरा लक्ष्मण शहीद स्मारक के पुनर्निमाण के लिए प्रस्ताव प्रस्तुत किया। इसके लिए मथुरा वृंदावन विकास प्राधिकरण को कार्यकारी एजेंसी के रूप में नामित करते हुए 7.81 करोड़ जीएसटी अतिरिक्त देने की स्वीकृति प्राप्त हुई। इस में पहली किस्त के रूप में 3.91 करोड़ रुपये की वित्तीय स्वीकृति प्रदान की गई।

नियमों व शर्तों के आधार पर पहले वैधानिक मंजूरी और पर्यावरण एनओसी लेना चाहिए। मथुरा-
वृंदावन विकास प्राधिकरण ने एक ठेकेदार को 6.79 करोड़ में काम दिया। जून 2020 में काम शुरू किया गया। भारतीय पुरातत्व सर्वेक्षण ने अधिनियम में दी गई व्यवस्था के आधार पर अवैध निर्माण पर एमवीडीए को नोटिस देते हुए इसे बंद करा दिया। निर्माण कार्य बंद होने तक एमवीडीए 1.36 करोड़ रुपये खर्चकर चुका था। इससे यह नुकसान हुआ है।

इलेक्ट्रिक वाहनों पर कर की अनधिकृत छूट दी गई

भारत के नियंत्रक एवं महालेखापरीक्षक ने 31 मार्च 2021 को समाप्त हुए वित्तीय वर्ष के लिए पेश की गई रिपोर्ट में परिवहन विभाग की कई कमियों की तरफ इशारा किया है। इसमें इलेक्ट्रिक वाहनों पर कर की अनधिकृत छूट दिए जानेपर भी आपत्ति जताई गई है। https://www.livehindustan.com/uttar-pradesh/story-up-cag-report-reveals-violation-of-rules-in-the-construction-work-of-braj-teerth-parishad-7810290.html

21.   बांदा में   बाईपास तो बना नहीं मिट्टी में फेंक दिए 42 करोड़ रुपए, सीएजी रिपोर्ट में लापरवाही का खुलासा *(livehindustan.com)* 23 Feb 2023

लोक निर्माण विभाग ने बांदा बाईपास सड़क के निर्माण में 41.89 करोड़ रुपये   मिट्टी में लिया दिया। इस बाईपास का काम दिए 9 साल बीत जाने
के बाद भी भूमि की उपलब्धता सुनिश्चित नहीं किया जा सका। बाईपास पर हुए मिट्टी के कार्य को सुरक्षित नहीं किया जा सके। सीएजी ने   रिपोर्ट में   इस लापरवाही का खुलासा करते हुए लिखा है कि पीडब्ल्यूडी ने 41.89 करोड़ रुपए व्यर्थ ही खर्च कर दिया।

बांदा शहर में   ट्रैफिक जाम से   राहत और दुर्घटनाओं को रोकने   के लिए राज्य सरकार ने पीडब्ल्यूडी को 44.09 करोड़ की लागत से
बांदा बाईपास सड़क (रिंग रोड) के शेष भाग 10.7 किमी निर्माण की मंजूरी जून 2011 में दी। वर्ष 2011 में   ही तकनीकी स्वीकृति दे दी गई। अधीक्षण अभियंता ने दो ठेकेदारों के साथ एक साल की निर्धारित पूर्णता अवधि अर्थात जून 2012 तक कार्य
पूरा करने   के लिए 37.83 करोड़ रुपये   का अनुबंध किया। सरकार ने भूमि अधिग्रहण के लिए 13.55 करोड़ रुपये भी स्वीकृत कर दिया जिसे बाद में संशोधित करते हुए जून 2019 में 21.66 करोड़ रुपये
किया गया। मार्च 2021 तक विभाग द्वारा आवश्यक भूमि की संशोधित आवश्यक भूमि 47.57 हेक्टेयर के मुकाबले कुल 40.02 हेक्टेयर भूमि का अधिग्रहण कर सका।

सीएजी ने   रिपोर्ट में   लिखा है   कि 41.89 करोड़ रुपये   खर्च   करने के बाद भी विभाग सड़क निर्माण के सुरक्षित स्तर का महज 1.6 किमी. ही प्राप्त कर सका। जिससे जरूरी भूमि पर कब्जा प्राप्त किए बिना कार्य शुरू करने से 41.89 करोड़ रुपये व्यर्थ खर्च किया गया। कार्य   को पूरा करने   की निर्धारित अवधि के के नौ वर्ष   से   अधिक बीत जाने पर भी भूमि के अभाव में इसे पूरा नहीं किया जा सका। विभाग द्वारा किए गए मिट्टी के कार्य की लंबी अवधि बीत जाने   से   क्षरण संभावित है। 10.700 किमी. लंबाई वाले इस सड़क का महज 1.60 किमी. ही सुरक्षित किया गया। https://www.livehindustan.com/uttar-pradesh/story-bypass-was-not-made-in-banda-42-crore-rupees-were-thrown-in-the-soil-negligence-revealed-in-the-cag-report-7810336.html

22.   Nearly 60% large infra projects facing cost overruns, says Ministry of Statistics *(economictimes.indiatimes.com)* Feb 23, 2023

Almost 60% of large infrastructure projects with value of Rs 150 crore and above are facing cost overruns as on February 1, a report released by infrastructure and project monitoring division of the Ministry of Statistics and Programme Implementation (Mospi) said.

According to the January data, anticipated costs in these projects is 21.67%, or Rs 4.46 lakh crore, higher than original costs. While the original value of projects was Rs 20.59 lakh crore, the anticipated cost of completion is Rs 25.05 lakh crore.

At present, there are 1,454 large projects that are being monitored.

The average time overrun on these projects was over three years and nearly half of the projects were delayed for 25-60 months. Another 15% were delayed for over five years, data from the ministry showed.

Until January, ₹13.54 lakh crore was already incurred on these projects.

An ET analysis of the data found that while the number of projects has increased since the previous month, the number of delayed projects has also gone up from 835 to 871.

Moreover, there has been a drastic rise in the number of projects that are further delayed. It was found that 272 projects were additionally delayed vis-a-vis their cost date of completion reported in the previous month. In the December report, the number of additionally delayed projects was 174.

Only 10 of the 1,454 projects were running ahead of schedule.

Among the sectors monitored by the portal, water resources is the worst, with the anticipated cost overshooting the original cost by 193.64%. For the 41 operational projects, the anticipated cost is ₹68,864 crore versus the original cost of ₹23,466 crore.

Railways, which has the highest number of ongoing projects, is witnessing a cost overrun of 68.11%.

The government had announced the PM Gati Shakti plan last year to control cost and time overruns. Prime Minister Narendra Modi had then said the master plan for multimodal connectivity infrastructure would lead to optimum utilisation of resources as coordination would   help   stakeholders   operate   with   complete information. https://economictimes.indiatimes.com/news/economy/infrastructure/nearly-60-large-infra-projects-facing-cost-overruns-says-ministry-of-statistics/articleshow/98161640.cms

23.   TERI-CRRI Study Explores Avoidance of CO2 Emission during Road Construction, Says Potential to Save 9.8 Billion Litres of Fuel *(swarajyamag.com)* Feb 23, 2023

The construction of National Highways (NHs) and Greenfield expressways in the past nine years have the potential to avoid 3.21 crore tonnes of carbon dioxide (CO2) emission annually.

This was estimated in a new study done by the Central Road Research Institute (CRRI) and The Energy and Resources Institute (TERI).

The assessment has been done including both the construction period and operation phase of the NHs and expressways.

The estimated avoidance of the CO2 emission has been arrived at considering different factors, including how the new and improved NH, replacing congested and often circuitous routes, can help avoid the greenhouse gas emission by reducing fuel combustion in vehicles plying on them.

It has also included the impact of avenue plantations and compensatory afforestation.

The report titled "Assessment of Avoided CO2 Emissions during Construction and Operation of National Highways", was released by Union Environment Minister Bhupender Yadav, on Wednesday (22 February).

The report said the year on year length of NHs constructed since 2014 stands at 77,265 km.

"Based on the CO2 avoided per km value estimated, it is concluded that the highway length constructed since 2014 till date can together potentially avoid 32.15 million tonnes of CO2 annually and 642.95 million tonnes of CO2 cumulatively in next 20 years. This is equivalent to CO2 sequestration by 36,149 million trees," the report said.

The expert agencies collected data of 20 highway stretches — five greenfield and 15 brownfield stretches — including the Eastern Peripheral, Delhi-Meerut, Delhi-Dehradun and Ahmedabad-Vadodara expressways, Delhi-Agra, Panipat-Jalandhar and Pune-Solapur highways.

While greenfield highways are built on new alignments, the existing roads are widened under the brownfield category. Currently, most of the highway developments fall under the brownfield category.

According to the report, in the case of these 20 projects, it is estimated that the total fuel consumption would be about 41.2 billion litres in a 20-year period when these are operational.

"This amount of consumption is less by 19 per cent or 9.8 billion litres of fuel is saved in the improvement case as compared to the business as usual (BAU) case," the report said.

It added that in the total fuel savings, the share of petrol will be about 7 per cent and the rest will be the share of diesel. The major savings will be 53 per cent and 23 per cent by medium and heavy commercial vehicles respectively.

It has also been estimated that in case of greenfield highways improvements, the CO_2 avoidance in 20 years can be of the order of 10,167 tonnes per km.

Whereas in case of improvements of brownfield highways, it can result in about 11,936 tonnes per km of CO_2 avoidance. https://swarajyamag.com/infrastructure/teri-crri-study-explores-avoidance-of-co2-emission-during-road-construction

24.   The Worrying Decline of PSU Capex *(rediff.com)* February 23, 2023

From a political economy perspective, the Union Budget is an important document to understand how the Centre's fiscal relations with the states have evolved.

Equally important is the way the Budget reveals the nature of the Centre's financial engagement with public sector undertakings, which continue to play a significant role in the Indian economy, even after years of divestment and a few cases of privatisation.

Three weeks after Finance Minister Nirmala Sitharaman presented her fifth Budget, it would be useful to study the numbers in her annual financial statement from both these perspectives.

The Centre's fiscal relations are principally governed by the recommendations of the Finance Commission, according to which the states have a 41 per cent share in the total taxes collected by the Union government.

There is, however, a catch. The devolution is to be calculated as a proportion of the net shareable tax proceeds, or the divisible pool.

In the last few years, the share of collections from various cesses and surcharges has gone up steadily -- from about 5 per cent of the Centre's gross tax collections in 2017-2018 to about 11 per cent in 2021-2022.

In the current year, this share would be higher at about 13 per cent, according to the revised estimate of the Budget.

This has had an obvious adverse impact on the amount of devolution, which the states are entitled to under the formula mandated by the Finance Commission.

Since cesses and surcharges are not part of the divisible pool, the states get a relatively reduced share in the Centre's gross tax collections.

Indeed, cesses and surcharges in the last couple of years have been growing at a faster rate than taxes and other levies that form part of the divisible pool.

Thus, even as overall tax transfers in this period have been growing at a decent rate, their share in the Centre's gross tax collections has languished at 30-33 per cent.

Is this trend likely to change in the coming year? The Budget has a few pointers that could please the states and their finance ministers.

Cesses and surcharges in 2023-2024 are expected to see one of the lowest increases in recent years -- at about 4 per cent to Rs 4 trillion, with their share in gross tax collections also declining to about 12 per cent.

This is not a big relief, but if total tax transfers to the states are set to go up by about 8 per cent to Rs 10.21 trillion in 2023-2024, it is also because the share of cesses and surcharges in GDP is declining, for the first time in the last three years, to 1.35 per cent.

State finance ministers should also be pleased by the way Sitharaman has cut the income tax on the super-rich or those having a taxable income of over Rs 5 crore.

Finance ministry officials point out that the tax collection estimate for 2023-2024 could not capture the full impact of the income-tax relief as this decision was taken too late for its inclusion in the Budget numbers.

Now, the super-rich tax has come down from 42.7 per cent to 39 per cent because the surcharge on it has been slashed from 37 per cent to 25 per cent.

The revenue hit on account of this will be borne entirely by the Centre and, therefore, would not affect the amount of tax transfer to the states.

Taken together with an increased allocation of capital expenditure advances to the states by 30 per cent to Rs 1.3 trillion, the states have reasons to believe that the Union finance ministry's overall approach to them has become a little more supportive.

How have the non-tax transfers from the Centre to the states fared? In addition to tax transfers, the states also get assistance from the Centre by way of grants and loans, some of which is mandated by the Finance Commission.

Since the pandemic, the total assistance by way of annual grants and loans to the states has seen no increase, staying at around Rs 8 trillion, while it is the tax transfer that has gone up steadily.

That trend is likely to be maintained even in 2023-2024, and the states have no cause for celebration on this count.

A lot has been written about how the Budget for 2023-2024 has been generous with its capital expenditure.

But a key feature of this increase is that a large chunk of its capital outlay would be routed through capital support to PSUs.

Of the Rs 10 trillion of capital expenditure proposed in 2023-2024, more than half is channelled through them by way of the Centre's budgetary support to their equity and a tiny portion through loans.

In 2022-2023 also, PSUs accounted for over half of the government's capital expenditure, up from a share of 42 per cent in 2021-2022.

Unfortunately, this has led to a corresponding decline in the share of the PSUs' own contribution to their total capital outlay on projects.

In 2021-2022, PSUs would contribute about 64 per cent of their total capital outlay with resources mobilised by them through internal generation of funds or borrowing.

But this share plummeted to 52 per cent in 2022-23 and will now go down further to 49 per cent in 2023-2024.

In other words, PSUs are increasingly becoming more dependent on the Centre to meet their capital expenditure requirements. This is not a healthy sign.

Nothing could illustrate this gradual weakening of the PSUs more than the state of the Indian Railways.

In 2023-2024, it would be helped by Rs 2.4 trillion of capital support from the Centre, but its overall capital expenditure is just about Rs 2.93 trillion, which means that its own contribution to its capital projects will decline to 18 per cent, down from 38 per cent in each of the previous two years.

Not surprisingly, the Indian Railways' operating ratio, a benchmark of its financial efficiency, is languishing at 98 and the extra budgetary resources it raises would decline from Rs 82,000 crore (Rs 820 billion) in 2022-2023 to just about Rs 17,000 crore (Rs 170 billion) in 2023-2024.

There are, of course, other questions of how effectively the huge amount of government resources are being spent on various railway projects.

But the larger point is that the healthy rise in the Centre's capital expenditure should not hide the worrying decline in the public sector's own contribution to its capital outlay and, therefore, its lack of accountability in ensuring a decent return on such investment.

This trend should be reversed soon. Simultaneously, the government must expedite its plan for asset sale and privatisation, both of which hardly got any mention in the Budget speech for 2023-2024.

Even the revenues proposed to be raised through this route were modest. https://www.rediff.com/business/column/a-k-bhattacharya-the-worrying-decline-of-psu-capex/20230223.htm

25.   Why   MGNREGS   needs   to   be   scrapped   or   overhauled completely *(news18.com)* February 23, 2023

A welfare scheme is like an infinite game–you can start it but cannot end it as the objective is not winning but perpetuating. The political fallout of shutting down a scheme is too high. But how long should a government continue to drag a faulty design and keep doling out funds in the name of welfare? The story of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is one of an infinite game that creates a corrupt system that survives on perpetuating the scheme.

The extent of MGNREGS failure is evident from the pile of incomplete projects. The Economic Survey 2023 reveals the macro dynamics of the efficiency and effectiveness of MGNREGS. The data on the incomplete project shows that the money spent on this scheme, over the last many years, rarely translates into assets on the ground. Is half road still a road? Will an incomplete water drain system still be useful, and can a half-finished Panchayat Bhawan be used? An incomplete road in a rural area will either wither away with disuse or, better still, will again be approved as a project.

The lobby that has been lamenting about the lower allocation for MGNREGS in the current budget should be worried about its utilisation. CIPP's experience with its rural lab in the most backward district of the state of Haryana with the MGNREGS scheme is that it has extended increased corruption to the bottom of the pyramid.

Number of persons demanding work under MGNREGS. (indiabudget.gov.in)
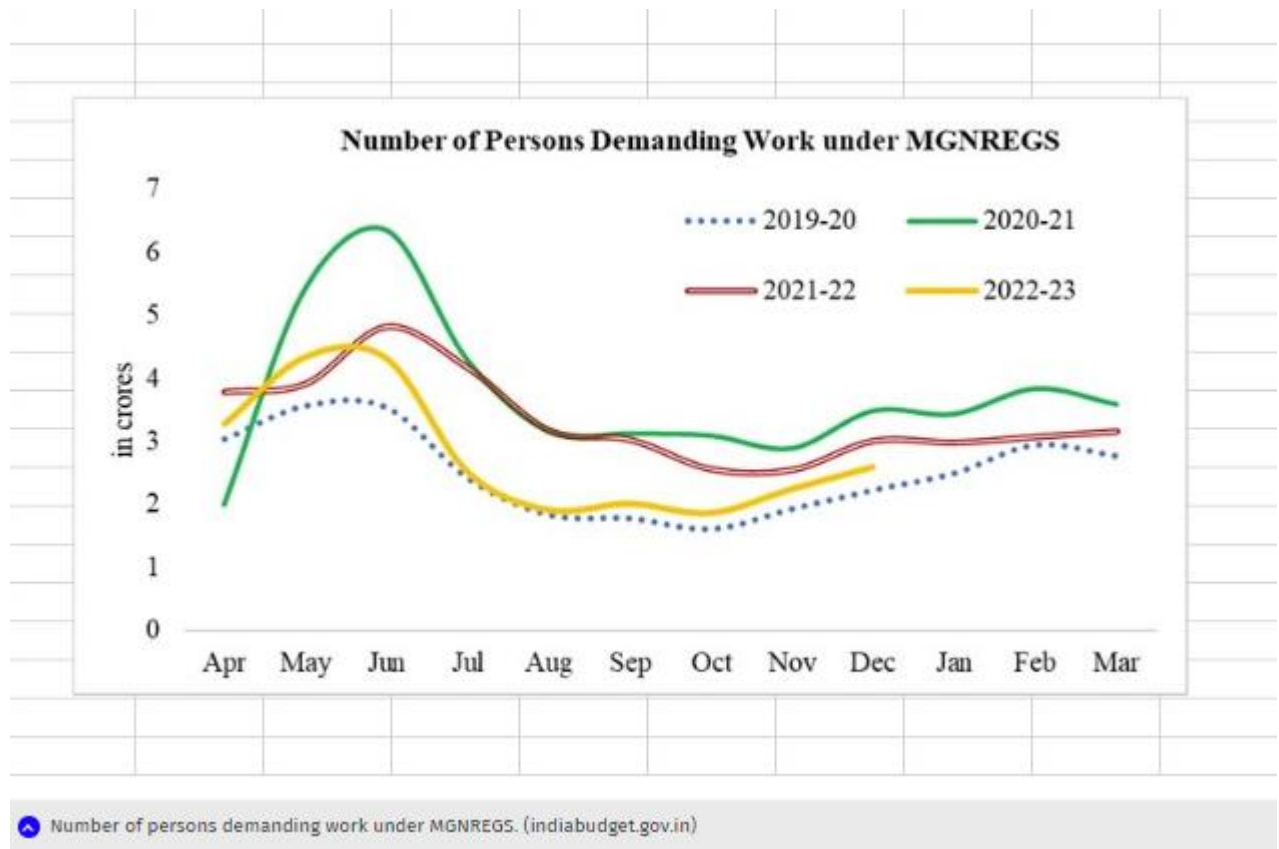
The objective of MGNREGS was to give guaranteed income to the hands of rural landless workers and create assets like irrigation drains, roads, and Panchayat Bhawan. If the MGNREGS project is not designed to create a physical asset, then two challenges arise. One, if no asset is created on the ground, then there is no way a government to audit or ensure that the work that payments have been made to the beneficiaries for labour and material as there is nothing to show on the ground. Second, when there is nothing to show, it means that the system itself has siphoned off both the material and labour costs. This creates a massive amount of corruption at the village level, beginning from the panchayat itself, going upward from the Junior Engineer, ABPO, and sometimes right up to the political or administrative head of the state's Panchayat department.

This way, MGNREGS ensures and creates corruption at the bottom of the governance and political pyramid–the panchayat level. This corruption at the panchayat level is very visible

and clearly evident from the amount of money that candidates are willing to spend to win the Sarpanch elections. This amount has ballooned from a few lakhs ten years back to as high as Rs 50 lakh and Rs 1 crore, depending upon a village's population. The population of a village along with the number of landless farmers and backward castes determines the spending of the government scheme. Almost every government scheme is now reaching down to the panchayat in the hope that the scrutiny and delivery will be better.
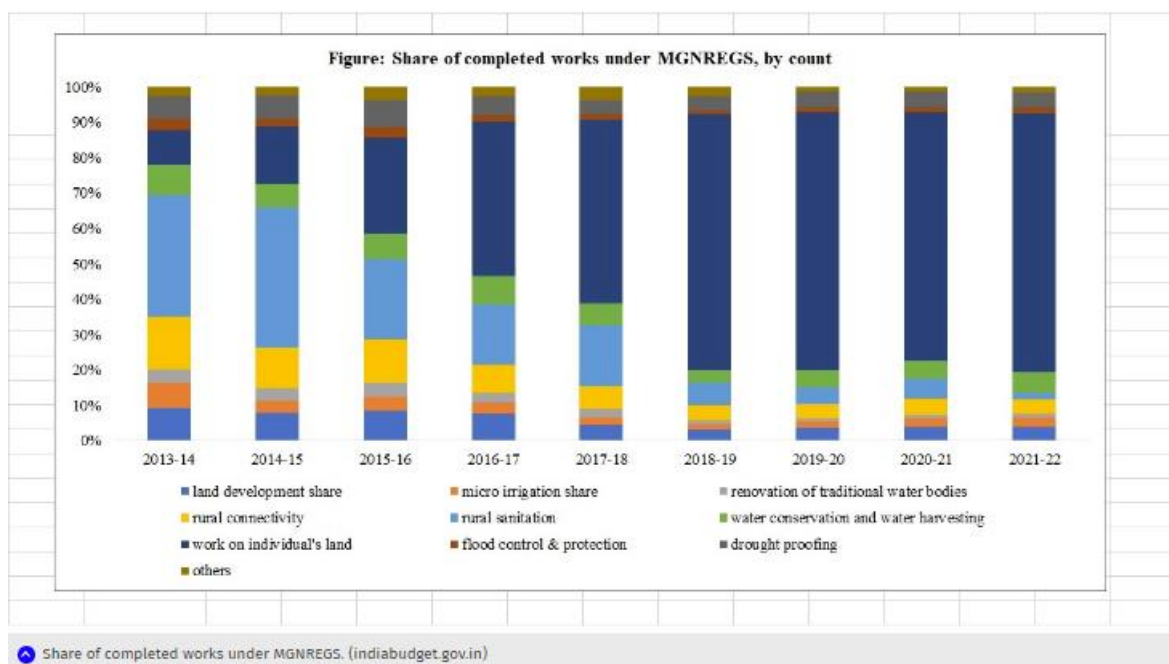
The junior engineer, block panchayat officer, panchayat secretary, and district panchayat officer have now developed well-oiled machinery to siphon off MGNREGS funds. The Central government is aware that corruption is rising and it is trying to plug the leakage of funds using technology. Hence, the department developed a portal specifically for preventing leakage. The portal demands that everything is done electronically, beginning from generating demand at the village level. The sarpanch or the panchayat secretary is supposed to generate demand depending upon the need. But before this, a very crucial exercise is to get a project approved under MGNREGS. This has now become an exercise in futility and is akin to trying to get a Minister of Roads and Surface Transportation (MoRST) to assign a new national highway. The power to sanction a project is based on the total funds allocated to a district by the state government. How these funds are allocated for the district is based on where the chief minister wants to spread the largesse. Anecdotal evidence from states suggests that every CM allots funds based on political requirements instead of the backwardness of the district or its need. This can be easily corrected if the Central government makes a system or formula based on income levels or unemployment in a district. They can also make the data public so that it is known which district is getting how much funding. Even project approval and completion data should be shared at the district level to see the competency of the district in completing projects.

Right now, if the fund is allocated to the district and the district CEO of the panchayat department agrees, a project gets approved for a village. This depends on the persistence and political prowess of the sarpanch.

The next step is sending the demand to the block panchayat officer. This begins with uploading the bank accounts of all the beneficiaries so that the labour costs can be directly sent into their accounts. The Haryana government also wants the Parivar Pehchan Patra, a new document ID for the family, to be uploaded and verified for each beneficiary. This is a task multiplied by the number of beneficiaries and it has to be done every time, as the system does not save or store the list of beneficiaries. Technically, the staff is supposed to do everything from evaluating the project to estimating the cost and preparing a budget. But, in reality, all this work of the junior engineer has to be done by the panchayat. The system at this level feels that doing its job is somebody else's responsibility. The junior engineer sometimes does not even have the skills.

But as these villagers are not really expected to work on the ground as there is no tangible thing to be created, they are happy to give away a part of the money to the system for being enrolled. Every sarpanch or panchayat creates its own list of beneficiaries that will give thee free money back to them.

This is the free money system that has been created on the ground over the last six years–anywhere between Rs 3 lakh crore and Rs 4.5 lakh crore.

Figure: Share of completed works under MGNREGS, by count

Legend: land development share, micro irrigation share, renovation of traditional water bodies, rural connectivity, rural sanitation, water conservation and water harvesting, work on individual's land, flood control & protection, drought proofing, others

Share of completed works under MGNREGS. (indiabudget.gov.in)

If we see the data on the kind of projects that are being taken up in the last three years of MGNREGS, they are mostly projects on private land. This means that MGNREGS has exhausted or is no longer taking community infrastructure projects.

HYPOCRISY OF ENTERPRISE

MGNREGS does not acknowledge that taking up any project needs enterprise, agency, and resources. The government does not pay immediately but the material has to be paid immediately. Small suppliers in the village will not wait for six months for the bills to be paid. This means that somebody enterprising enough, steps in and takes responsibility for the project. The ABPO or CEO cannot handle multiple projects directly. Hence in every project, an agent or a contractor is involved. MGNREGS does not acknowledge this contractor. The contractor is crucial as he puts the muster for labourers together, collects them on the site, gets the material from the shop to the location, and pays the supplier for the cement or sand or bricks supplied. All these are tasks that require time, effort, and money. The design of MGNREGS assumes that these tasks do not exist or they will be done by the government official or panchayat. This is unrealistic as the government official does not have the bandwidth and even the sarpanch will not give an advance payment for material or give a payment on behalf of the government. The only one who will give an advance for the material and to the labourers to come on-site is the one who believes that he will be able to get the payment from the government. MGNREGS ignores that there is any private enterprise or efforts made to earn money at the bottom of the pyramid. Because the system software does not acknowledge the presence of a contractor and believes this is a utopian world where resources will be spent on behalf of the government without expecting any return. The system is broken and it changes everything about the project from execution, to design, and completion.

If for any other project, the system acknowledged the presence of the contractor, in fact, did a tender for allocating the project to the lowest bidder, it would have one single person or organisation responsible for the project. If the project was treated as any other project, the cost of it would be standardized as per PWD standards. Currently, there is no standard followed by a water drain project that can be designed for 4 lakhs or 40 lakhs.

29

Number of projects under MGNREGS. (indiabudget.gov.in)
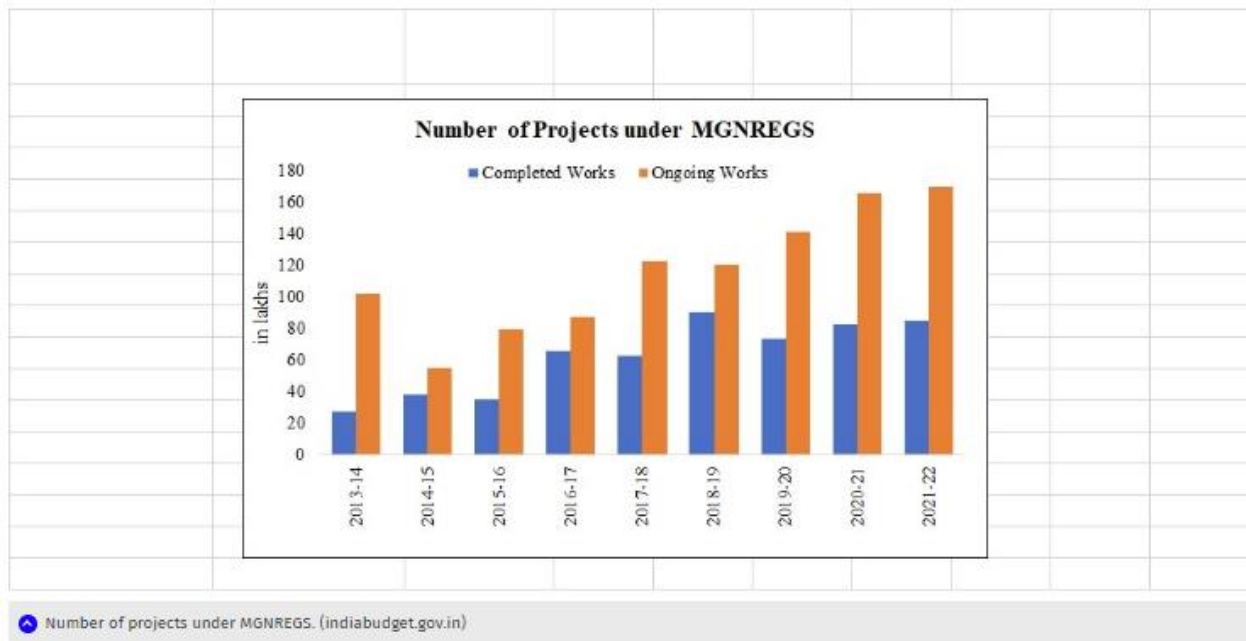
The biggest change that the MGNREGS project can do is to acknowledge private enterprise in the execution of the project. Make a standardised budget for quality and time and ensure that the contractors are compensated to create it. Judge the project on quality and not on the fact that the labour cost has been transferred. Currently, a project is seen to be complete if the labour cost is sent to the beneficiary account. The material cost is sent much later and if that is also sent, then the project is closed on the software or the system. If MNREGS is not overhauled it would continue to corrupt the system at village, block and district level, whereas it can genuinely create jobs and entrepreneurship at that level. https://www.news18.com/news/opinion/opinion-why-mgnregs-needs-to-be-scrapped-or-overhauled-completely-7147663.html

26.   MGNREGA scheme: Nearly 1.5 million fake job cards in WB cancelled in 1 year *(business-standard.com)* February 23, 2023

Around 15 lakh fake job cards under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in West Bengal have been cancelled during the last one year.

"The exact figure of fake job cards cancelled in the state till date during the current financial year is 14,17,557. It is an ongoing process and the number is expected to increase and cross 15 lakhs by March 31, 2023," an official from the state panchayat affairs & rural development department, the nodal department in the state for implementing the 100-day job scheme, said.

It is learnt that during the last four months, the state panchayat affairs & rural development department have undertaken a special drive to identify and cancel fake job cards in the state.

"This drive has really been very helpful and the number of cancelled cards have increased to such an extent. However, besides identification and cancellation of fake job cards, the department has continued with the process of issuing fresh job cards. Around 2,50,000 new families have been issued fresh job cards during the same period," the official said.

At the same time, he added that the departmental employees and field-workers engaged in the process have been overburdened with the additional tasks of ensuring that the fresh job cards issued get linked with the AADHAR card of the card holders and at the same time the bank accounts where 100-day job wages will be directly transferred are also AADHAR-linked. This AADHAR linking with the job cards is mandatory by the Union government to ensure that payments go to bank accounts of the genuine persons.

Recently, while addressing an administrative review meeting in West Midnapore district, Chief Minister Mamata Banerjee expressed dissatisfaction over the Union government's insistence for pushing online systems in different centrally-sponsored schemes.

"The Union government wants to introduce a total online system in the lives of rural people. But how can the marginalised communities get accustomed to it? So, their lives are becoming miserable. The Centre has made mandatory linking of AADHAR cards with bank accounts for payment of money for the 100-day job scheme under MGNREGA. But is the Union government aware that there is not a single bank branch in several rural blocks in the state? What will the people staying there do?" the chief minister had questioned. https://www.business-standard.com/article/current-affairs/mgnrega-scheme-nearly-1-5-million-fake-job-cards-in-wb-cancelled-in-1-year-123022300330_1.html

27.   Maharashtra to Witness Development of 114 Maritime Projects worth Rs 99,210 Crore under the SagarMala Programme *(swarajyamag.com)* Feb 23, 2023

The state of Maharashtra has a long coastline spanning around 720 km,that has numerous established trade and commercial operations.

11 projects worth Rs 443 crore are under the development stage, while various other projects have been completed.

The Maharashtra state government has been working to expedite the implementation of various ongoing waterways and port infrastructural projects in the state.

A meeting between Maharashtra Chief Minister Eknath Shinde and the Union Minister for Ports, Shipping and Waterways Sarbananda Sonowal, was held on 21 February 2023.

The meeting focused on discussions related to various projects in the state for ports, shipping and waterways proposed under the Sagarmala Project.

Underlining that the maritime infrastructure plays a vital role in the nation's economy, Sonowal said that the Sagarmala project aligns with the Maritime India Vision 2030, and is aimed at providing better facilities to the people in the coastal region.

He said the initiatives would further boost infrastructure and drive investments to improve regional connectivity to aid trade.

Through the implementation of the Sagarmala initiative, Indian ports have become more efficient in handling large volumes of containers with reduced turnaround time.

Maritime Development In Maharashtra

In 2015, the Indian Government approved the Sagarmala project to facilitate port-led development in the country. The project aims to harness the 7,500-km-long coastline of the country to its full economic potential.

The project's objective is to improve the transportation infrastructure at ports for efficient, quick, and cost-effective movement of resources.

The state of Maharashtra has a long coastline spanning around 720 km, that has numerous established trade and commercial operations. Under the Sagarmala project, there are 114 projects being implemented with an estimate cost of Rs 99,210 crore.

Out of the total projects, 43 projects worth Rs 2,121 crores are partially funded by the Ministry of Ports, Shipping and Waterways (MoPSW).

According to an official release, 11 projects worth Rs 443 crore are under the development stage, while various other projects have been completed.

With the meeting, Minister Sonowal further said that to celebrate the maritime activities of the coastal states of the country, the 'Coastal States Pavilion' has been proposed to be developed in the National Maritime Heritage Complex (NMHC).

Accordingly, an area of 14,000 sq. ft. with a construction area of 6,000- 8,000 sq. ft. has been identified in the state.

The meeting also stressed on the development of environment-friendly Ro-Ro (roll on-roll off) and Passenger transportation through waterways.

The inland waterways, for the purpose of passenger transportations and tourism, have been witnessing prime attention, with an objective to harness the potential of the vast water resources in India.

At present, 31 Ro-Ro and Ro-Pax projects are currently functioning in Maharashtra.

Promoting Greener Growth of Shipping Industry

With such large-scale growth and developing waterways and shipping industries, the centre is aiming to increase the share of renewable energy to 60 per cent in the total power consumption of its major ports from a present share of less than 10 per cent.

Many operational and upcoming ports have aimed to reduce carbon emissions, per tonne of cargo handled, by 30 per cent by the year 2030, following the Maritime Vision Document 2030 for a sustainable maritime sector and vibrant blue economy.

The MoPSW has undertaken green port initiatives in the major ports so that their environmental performance can be improved.

These initiatives include acquisition of various equipment:

For monitoring environmental pollution

Dust suppression systems

Setting up of STP's garbage disposal system for ports and ships

Developing shore reception facility for wastes from ships

Setting up projects for energy generation from renewable energy sources

Additionally, actions are being implemented for improving harbour water quality, sustainable practices in terminal development and operations, and increasing green cover within port premises. https://swarajyamag.com/infrastructure/maharashtra-to-witness-development-of-114-maritime-projects-worth-rs-99210-crore-under-the-sagarmala-programme