NEWS ITEMS ON CAG/ AUDIT REPORTS (03.03.2023)

1. 10 yrs after devpt board, Kalyana K'taka's per-capita income lowest *(deccanherald.com)* UPDATED: MAR 03 2023

Ten years after the creation of the Kalyana Karnataka Regional Development Board (earlier Hyderabad-Karnataka), the districts in the region still have among the lowest per capita income in the state.

According to data from the latest Karnataka Economic Survey, districts including Kalaburagi, Raichur, Bidar, Koppal and Yadgir, save for Ballari, have among the least per capita income. The data does not account for the recently created Vijayanagar district.

Per-capita income serves as a measure of the development of the district.

For instance, Kalaburagi has the least per capita income in the state at Rs 1.24 lakh. This is compared to Rs 6.2 lakh in Bengaluru Urban, which is the highest in the state.

Other districts of the region also fare poorly: Bidar (Rs 1.33 lakh), Koppal (1.39 lakh), Yadgir (Rs 1.39 lakh) and Raichur (Rs 1.44 lakh). Ballari has a relatively better per capita income at Rs 2.17 lakh.

Most of these districts also fall behind in their share of the GSDP.

A look at the Economic Survey in 2013-14 shows that not much has changed in terms of regional disparity. The Kalaburagi division had the least per capita income of Rs. 56,648 in the state in 2012-13 compared to Rs 1.09 lakh in the Bengaluru division.

A recent CAG report on the functioning of the Kalyana Karnataka Regional Development Board points out how the Board has failed in ensuring the region's development. To begin with, it has failed to create its own indicators for development and depends on secondary data. As a result, it has failed to bring in specific policy interventions, the report has said, while pointing out several lacunae in usage of funds and implementation of development works.

Sindhanur MLA and JD(S) leader Venkatrao Nadagouda pointed out how the government's idea of regional development is lopsided. "When they think of

Kalyana Karnataka development, they only think of Kalaburagi. As a result, you will find only certain pockets receiving focus for infrastructure development."

Chittapur MLA Priyank Kharge said the creation of the Board itself has been crucial. "Owing to it, we have been able to identify areas for intervention," he said. However, the region has been historically backward and it requires time to bring it on a par with the rest of the state, he added. "We need better management of funds. The last three years have been bad and the CAG report provides a testimony to this," Kharge said. https://www.deccanherald.com/state/10-yrs-after-devpt-board-kalyana-ktakas-per-capita-income-lowest-1196673.html

2. 8 years on, Lokayukta probe into old MGNREGA works gathers pace *(deccanherald.com)* UPDATED: MAR 03 2023

Bengaluru: More than eight years after the government requested the Lokayukta to probe the MGNREGA works carried out in the state between 2007 and 12, investigations into 5.04 lakh works have gone nowhere.

During the five years, works worth over Rs 2,000 crore were done under the Karnataka under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), highly placed sources said.

In 2014, a report by the Comptroller and Auditor General of India flagged discrepancies in the implementation of MGNREGA works taken up between 2007 and 2012.

The report pointed out that the names of nearly 8.23 lakh workers were removed from the Management Information System between 2008 and 2012.

That raised suspicion since close to Rs 617.74 crore was billed under these names before they were removed.

There were also discrepancies in the payments for works that amounted to Rs 1,717 crore, because payments were made without making a mention of the contractor.

Following the report, the government directed the Lokayukta to conduct a detailed investigation of all the works taken up during that period.

However, the Lokayukta investigations didn’t make much headway. Lokayukta officials faced challenges in accessing documents. Inspecting the areas of work also held up the proces.

There were also many instances of government officials “deliberately destroying” the documents, stalling the investigation indefinitely, Lokayukta sources said. Many deadlines to complete the investigations passed, the latest being September 2022.

Karnataka Lokayukta Justice B S Patil, who took office in June 2022, is trying to expedite the probe.

Patil told DH that he had directed the investigating officers to identify officials and hold them responsible in case of missing records.

“In cases where the records are missing, we have asked them to file reports identifying the officials responsible for maintaining them. This way, we will be able to close investigations into many pending works,” Justice Patil said.

The other challenge is determining the quality and the real nature of works done 10-15 years ago, an official said.

“Many officials have been transferred while many others have retired. The papers and records do not reflect the entire story and without questioning the incharge officials, it gets difficult for investigating officers to draw conclusions,” a senior official said.
Staff shortage and growing caseload on the Lokayukta have also stalled the process, sources said.

Justice Patil, however, said they were holding regular meetings and giving officials a target.

“Investigations have picked up pace. We hope to complete them soon,” he said.
https://www.deccanherald.com/state/top-karnataka-stories/8-years-on-lokayukta-probe-into-old-mgnrega-works-gathers-pace-1196661.html

3. Gujarat Debt Rises since Previous Fiscal, Economists Sound Alert *(vibesofindia.com)* March 2, 2023

The public debt of Gujarat has jumped to Rs 3.40 lakh crore from Rs 3.20 lakh crore recorded at the end of March last year. The opposition and experts from the state have raised concerns over ballooning debt and falling revenues. Last year, Comptroller and Auditor General (CAG) had warned the state against rising public debt, noting that the state was "falling into a debt trap".

The latest figures were revealed by the government on Tuesday, February 28, while presenting the state's annual budget. "Our earlier estimates had suggested Gujarat's public debt will be Rs 3,50,000 crore. But, as per the latest revised estimates, it stands at Rs 3,40,000 crore. By next year, it will go up to Rs 3,81,000 crore as per our estimates," said Mona Kanadhar, principal secretary (economic affairs) of the state's finance department.

Another finance department official, J.P. Gupta, principal secretary, however, said that the state debt was well within the 27% limit of the Gross State Domestic Product (GSDP) in line with existing norms. "Our GSDP is Rs 22 lakh crore at present. At 27%, we can bear a debt of Rs 5.75 lakh crore. However, Gujarat's debt is under Rs 3.5 lakh crore," said Gupta.

With the rise in public debt, every resident of the state has Rs 48,500 debt on their head in comparison to Rs 46,000 last year. In response to Opposition queries in the state assembly, the government said that it had paid Rs 23,063 crore in interest on public debt in the fiscal year 2021-22, and additionally, Rs 24,454 crore in debt was reduced and paid in instalments.

Last year in March, the CAG had warned the state of "falling into a debt trap", noting that Gujarat would have to repay 61% (Rs 1.87 lakh crore) of its total Rs 3.08 lakh crore (old figures) of public debt in next seven years. https://www.vibesofindia.com/gujarat-debt-rises-since-previous-fiscal-economists-sound-alert/

4. People got Rs 1,000-Rs 3,000 pension under NPS: Officers' union *(timesofindia.indiatimes.com)* March 3, 2023

JAIPUR: All India Senior Audit Officers Association said that officials of Railways, Income Tax and others should come together to oppose New Pension

Scheme, which does not guarantee any amount after retirement as their social security.

Ghanshyam Sharma, president of AG Office Association, said that 50 delegates affiliated to various state units have gathered under the banner of Senior Audit Officers' Association for a three-day meet in Jaipur and they will thrash out a strategy to oppose the NPS.

"After the deliberations, we will make a charter opposing NPS and submit it the CAG office. We want the government to roll back NPS and adopt Old Pension Scheme," Sharma said.

He said some of the officials who died during corona have received pensions ranging between Rs 1,000 to 3,000. "What social security we have under the NPS. The state government in Rajasthan has already reintroduced OPS and we also want the Centre to revert to OPS," added Sharma. If after retiring at 60, employees get no social security, how will theysurvive, asked Sharma. https://timesofindia.indiatimes.com/city/jaipur/people-got-rs-1000-rs-3000-pension-under-nps-officers-union/articleshow/98378233.cms

5. **Noida एलिवेटेड रोड मामले में प्राधिकरण हारा** *(samacharnama.com)*
March 2, 2023

उत्तरप्रदेश: एमपी टू एलिवेटेड रोड की निर्माण लागत मामले में आर्बिट्रेशन का फैसला आ गया है. इसमें नोएडा प्राधिकरण को झटका लगा है. प्राधिकरण को निर्माण कंपनी को 36 करोड़ रुपये का भुगतान करना होगा. नोएडा आर्बिट्रेटर के खिलाफ कासना स्थित व्यावसायिक न्यायालय में अपील करेगा.

आर्बिट्रेटर ने निर्माण एजेंसी की तरफ से किए गए क्लेम को सही माना है. नोएडा प्राधिकरण की ओर से तैयार किए गए क्लेम को टेक्निकल ऑडिट सेल ने तैयार किया था. आबिट्रेशन के फैसले के तहत नोएडा प्राधिकरण को निर्माण कंपनी को 36 करोड़ 51 लाख रुपये का भुगतान करना होगा. निर्माण कंपनी के जो क्लेम सही माने हैं उस पर नौ प्रतिशत ब्याज भी प्राधिकरण को देना होगा.

अधिकारियों के मुताबिक परियोजना का निर्माण करने वाली आईटीडी कंपनी आर्बिट्रेशन में गई थी. इसके लिए उच्च न्यायालय ने एक सेवानिवृत्त जज को आर्बिट्रेटर नियुक्त किया था. इसके पहले एजेंसी ने फाइनल बिल करीब 1 करोड़ 38 लाख रुपये का प्राधिकरण को भेजा था. प्राधिकरण अधिकारियों ने परीक्षण के लिए टेक्निकल ऑडिट सेल (टीएसी)में भेजा था.

टीएसी के जो अधिकारी थे उन्होंने परियोजना की फाइल खोल दी थी और तथ्य निकाल कर ये बात सामने लाए थे कि 38.84 करोड़ रुपये की रिकवरी निर्माण कंपनी पर प्राधिकरण की बनती है.

इसमें यह भी कहा जा रहा था कि निर्माण कंपनी को प्राधिकरण की ओर से ज्यादा भुगतान किया गया. इसके बाद यह मामला सीएजी में गया. इसका नोट भी सार्वजनिक किया गया. निर्माण कंपनी को अधिक पैसा देने सहित अन्य मामले में तत्कालीन वरिष्ठ प्रबंधक एससी मिश्रा पर भी आरोप लगे थे. वहीं, आर्बिट्रेशन के फैसले पर प्राधिकरण अधिकारी अभी कुछ बोलने को तैयार नहीं है. उनका कहना है कि फैसले की कॉपी नहीं मिली है. https://samacharnama.com/city/noida/authority-lost-in-noida-elevated-road-case/cid10164760.htm

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Scholarship Scam: CBI finds serious irregularities in 13 out of 22 educational institutions under radar *(indiatoday.in)* March 2, 2023

According to agency sources, the Central Bureau of Investigation (CBI) has discovered serious anomalies in 13 out of 22 educational institutions that are under investigation in connection with the Rs 250 crore scholarship scam.

CBI officials said that investigations showed that these 13 universities accepted scholarships in the names of roughly 2,000 fake students. They are yet to examine the remaining institutions' accounts and other paperwork.

The CBI investigated the documents, accounts, and data it obtained from computers and other related material of these institutions in Himachal Pradesh, Punjab, Haryana, and Chandigarh and found that scholarship funds had been siphoned off and awards had been given to students who either didn't exist or had left the institutions.

These organisations received a sizable portion of scholarship funds.

HOW THE SCHOLARSHIP SCAM TOOK OFF

The scam went underway when the scholarships for pre-matriculating and post-matriculating students from Scheduled Castes, Scheduled Tribes, and Other Backward Classes under 36 programmes were not given to eligible beneficiaries in 2012–2013.

Since the person who built the online interface for scholarship disbursement was also in charge of sending the money, the scam went unnoticed for over five years.

After claims were made that government school pupils in the tribal Spiti valley in the Lahaul and Spiti region had not received any scholarships for the previous five years, the issue finally came to light in 2018.

Inquiries had revealed that certain institutions had misled the education department by using fake letterheads to demonstrate bogus affiliations. The department also failed to carry out physical checks of the infrastructure and student numbers.

The additional irregularities included the institutions' failure to submit student Aadhaar numbers, the withdrawal of scholarships using the same Aadhaar account from many students who did not exist, and the establishment of fictitious accounts in nationalised banks.

The institutions allegedly used blank checks and vouchers submitted at the time of admission in order to withdraw the scholarship funds, working in collusion with some staff of nationalised banks who created the accounts without verifying Aadhar.

According to reports, the administration registered their own numbers as students' phone numbers in order to receive SMS notifications of transactions and make cash withdrawals.

In the districts of Una, Chamba, Sirmaur, and Kangra, more than Rs 28 crore in post-matric scholarship money for SC/ST/OBC students was given to nine fictitious institutions operating under one name without affiliation from the appropriate bodies.

When the main suspect, the Department of Higher Education's then-Superintendent Grade-II (dealing with the disbursement of scholarships), was apprehended, it was discovered that his wife owned 33% of the shares in these organisations.

On May 8, 2019, the CBI filed a case for criminal breach of trust, forgery, and cheating under sections 409, 419, 465, 466, and 471 of the IPC. Investigations revealed that private colleges received 80% of the scholarship funds.

More than 16 people, including directors of the offending institutions, staff members of the education department, and bank personnel, have been charged in the case so far with four offences. https://www.indiatoday.in/education-today/news/story/scholarship-scam-cbi-finds-serious-irregularities-in-13-out-of-22-educational-institutions-under-radar-2341711-2023-03-02

7. Aptel must walk the tightrope *(financialexpress.com)* March 3, 2023

Several states are in violation of the Tariff Policy (TP), for which the Centre has taken the Delhi Electricity Regulatory Commission to the Appellate Tribunal for Electricity. Many states hold that the TP is advisory while the Centre insists it is mandatory

The Centre, on February 20, 2023, referred a matter to the Appellate Tribunal for Electricity (Aptel), seeking an examination to establish whether the Delhi Electricity Regulatory Commission (DERC) has violated the provisions of the Electricity Act 2003 (Act) by allowing regulatory assets to grow to the extent of Rs 9,000 crore (as mentioned in the tariff order of 2021-22) instead of liquidating it. Apparently, there are several other transgressions also mentioned in the reference to Aptel. The government has invoked section 90(2)(F) of the Act, which states that a member of the regulatory commission can be removed if the person concerned has been guilty of proven misbehaviour.

Before going further, for the benefit of the uninitiated, a few words on what really is a regulatory asset. At times, regulators, to cover a revenue deficit, direct the discom to raise a loan from the bank instead of raising retail tariffs. The regulator, of course, allows the interest cost of the loan as legitimate expenditure and accommodates that in the retail tariff. The state governments, too, love this route of creating regulatory assets as it postpones a necessary tariff hike to a future date. To the discom, however, it is suicidal as it leads to cash flow problems, creates adverse debt-equity ratio, and so on. The creation of regulatory assets has been common across states, and their liquidation has been slow because that means an immediate tariff hike.

The reference made to Aptel to enquire into the 'misbehaviour' of the member concerned in the DERC raises a few questions. According to the Act, the Centre makes a reference to Aptel only in the case of the members of the central commission. In the case of state regulators, it is the state government that can do so. However, in the present matter, the Centre has made a reference about a state commission to the Aptel. When the government says that the Act has been violated, it is not the Act per se, but the provisions of the statutory documents framed under the Act. In the present instance, it is the Tariff Policy.

However, it is not just the DERC that has violated the Act. Several other electricity commissions are guilty of the same. Some of the state electricity commissions have not even issued the tariff order for 2021-22, though the year is almost coming to an end. Moreover, besides Delhi, several states have created regulatory assets, not made any concrete plan for their liquidation, not fixed tariffs in consonance with the Tariff Policy, and more. Regarding regulatory assets alone, the data published by the Central Electricity Authority reveals that Rajasthan, had regulatory assets of more than Rs 46,500 crore (2020-21) and Tamil Nadu had regulatory assets of more than Rs 10,400 crore. Other states in such a list are Karnataka, Chhattisgarh and Tripura, where the corresponding figure was Rs 1,442 crore, Rs 213 crore and Rs 29 crore, respectively. The figure for Delhi was Rs 9,062 crore. When it comes to determining retail tariffs, many regulators have violated the Tariff Policy, and have not fixed tariffs within ±20% of the average cost of supply, have fixed open access surcharge in excess of the prescribed limits, and more. Thus, all such regulators are also guilty of 'misbehaviour' and should be taken to task.

The problem has arisen because some states are of the view that the provisions of the Tariff Policy, especially when it comes to distribution, are only advisory and not mandatory, since distribution is a state subject. The central government, however, feels otherwise and insists that it is mandatory as it flows from the Act. Whether the Tariff Policy is mandatory has never been tested in a court of law. However, the apex court, in 2017 order, did say that the Tariff Policy has the force of law. Many, however, feel this observation is perhaps obiter dictum since it was a mere observation in a matter dealing with a different issue. The specific question of whether the Tariff Policy is mandatory was never argued.

Coming back to the case of the DERC, what will happen if Aptel finds the DERC (which today is a single-member commission) guilty of violating the Act? The power to remove a member lies with the state government, but if the state government refuses to act in the findings of Aptel, there is going to be an imbroglio. Moreover, the tariff order, which was indicated in the reference to Aptel, pertains to 2021-22 (announced on September 30, 2021). At that time, the then chairman of DERC was also in office and a signatory to the order. So, do we hold only the serving member of DERC guilty, given the fact that all decisions in the commission are taken collectively?

Only time will tell how Aptel deals with this reference from the Centre. Since several commissions are guilty of violating the provisions of the Tariff Policy, and Aptel will have to walk a tightrope.

https://www.financialexpress.com/opinion/aptel-must-walk-the-tightrope/2998015/

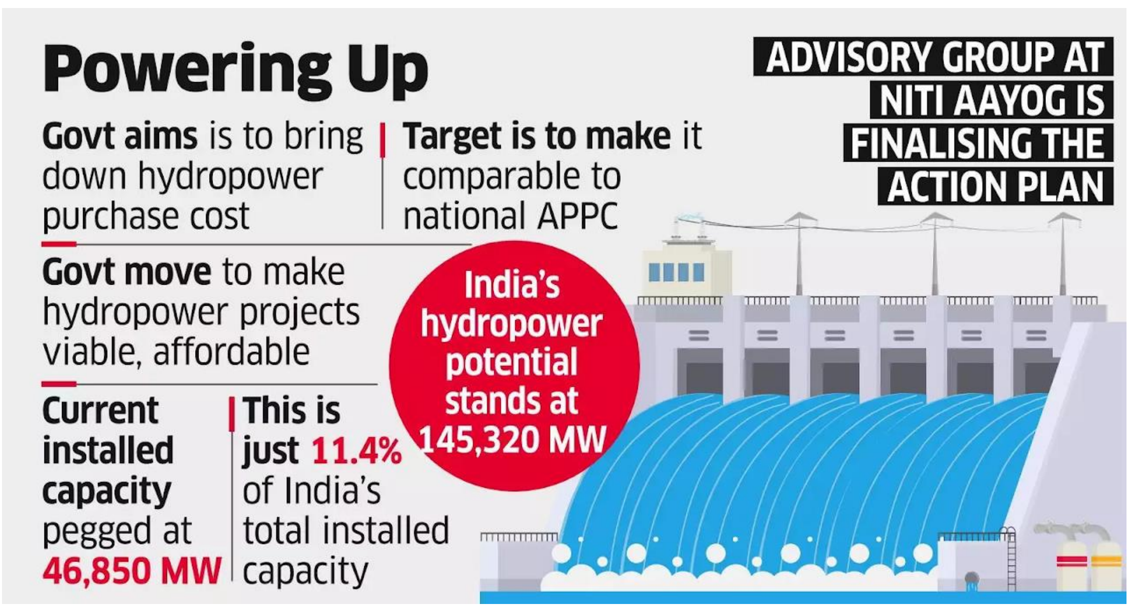
8. Tweaking of funding norms for hydropower projects in works *(economictimes.indiatimes.com)* 2 Mar 2023

New Delhi: India is looking to tweak the funding modalities for hydropower projects in the country, aiming to harness the unutilised potential in the north-eastern and Himalayan states as part of its clean energy shift.

A senior government official told ET that NITI Aayog member VK Saraswatled advisory group is firming up an action plan for river basin development and hydropower projects in these states.

"The focus would be on keeping the long-term generation tariffs of hydropower projects at par with average national power purchase tariff," the official said.

According to the official, one of the reasons for the high tariff of hydropower is loading of the cost of flood moderation and enabling infrastructure in project cost.



In this backdrop, an action plan is being firmed up to enhance the budgetary support for enabling infrastructure and tweaking the tariff rationalisation measures to bring down the tariff, thereby reducing the burden on the consumer," he said.

The government can also look at providing longer-term soft loans for such projects to even out tariffs over time while making it mandatory for power retailers to include a share of hydropower in their purchases, the official added.

While the national power purchase cost is ₹3.75 per kWh, for hydropower it goes up to ₹8.55 per kWh, making it unviable for consumers.

As per the Central Electricity Authority, India has an installed hydropower capacity of 46,850 MW, which is 11.4% of the total installed capacity. However, it is estimated that India has the hydropower potential of 145,320 MW.

Besides being environment friendly, hydropower has the ability for quick ramping, black start, reactive absorption etc, which makes it ideal for peaking power, spinning reserve and grid balancing and stability.

Further, hydropower also provides water security, irrigation and flood moderation benefits, apart from socioeconomic development of the entire region by providing employment opportunities and boosting tourism etc. https://economictimes.indiatimes.com/industry/renewables/tweaking-of-funding-norms-for-hydropower-projects-in-works/articleshow/98371965.cms

9. World Bank commits $1 billion to India for public healthcare infrastructure *(telegraphindia.com)* Mar 3, 2023

The World Bank and India on Friday signed two complementary loans of USD 500 million each to support and enhance the country's healthcare infrastructure.

Through this combined financing of USD 1 billion (about Rs 8,200 crore), the bank will support India’s flagship Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission (PM-ABHIM), launched in October 2021, to improve the public healthcare infrastructure across the country, the multilateral funding agency said in a statement.

In addition to the national-level interventions, one of the loans will prioritize health service delivery in seven states including Andhra Pradesh, Kerala, Meghalaya, Odisha, Punjab, Tamil Nadu, and Uttar Pradesh, it said.

The agreement was signed by Rajat Kumar Mishra, Additional Secretary, Department of Economic Affairs and World Bank India country director Auguste Tano Kouamé, it said.

The COVID-19 pandemic brought to the fore the urgent need for pandemic preparedness and health system strengthening around the world and was a stark reminder that pandemic preparedness is a global public good, said Auguste Tano Kouamé.

The two projects are supporting India's decision to increase the resilience and preparedness of the country's health systems against future pandemics, it said, adding, this will be of great benefit for the population of the states participating in the projects and will generate positive spillovers for other states.

India's performance in health has improved over time. According to the World Bank estimates, India's life expectancy—at 69.8 in 2020, up from 58 in 1990—is higher than the average for the country's income level.

The under-five mortality rate (36 per 1,000 live births), infant mortality rate (30 per 1,000 live births), and maternal mortality ratio (103 per 100,000 live births) are all close to the average for India's income level, reflecting significant achievements in access to skilled birth attendance, immunizations, and other priority services.

Despite these advances in the health of the Indian population, COVID-19 has underscored the need for revitalizing, reforming, and developing capacity for core public health functions, as well as for improving the quality and comprehensiveness of health service delivery, it said. https://www.telegraphindia.com/business/world-bank-commits-1-billion-to-india-for-public-healthcare-infrastructure/cid/1920177

10. Network Planning Group formed under PM GatiShakti recommends 66 projects worth Rs 5L cr *(theprint.in)* Mar 2, 2023

Sixty-six big-ticket infrastructure projects worth about Rs 5 lakh crore of different ministries including road and railways have been recommended by the Network Planning Group (NPG) constituted under the PM GatiShakti initiative, since last October, a senior official said here on Thursday.

Department for Promotion of Industry and Internal Trade (DPIIT) Special Secretary Sumita Dawra said that every ministry should adopt the PM GatiShakti concept up to the field level, so that every district collector, officer, and state is equally involved in it.

On October 13 last year, Prime Minister Narendra Modi launched the GatiShakti-National Master Plan aimed at developing integrated infrastructure to reduce logistic costs.

All logistics and connectivity infrastructure projects, entailing an investment of over Rs 500 crore, are routed through the NPG, constituted under the PM GatiShakti initiative.

“66 big ticket projects (worth more than Rs 500 crore), with costs of these projects coming to be about Rs 5 lakh crore, have been assessed on GatiShakti principles in the last eight months,” Dawra told reporters here.

These projects include Gurdaspur-Jammu-Srinagar natural gas pipeline worth Rs 6931 crore; Chennai-Trichy-Tuticorin Express project worth Rs 30,502 crore and Marwar industrial cluster worth Rs 922 crore.

The NPG has representations from various connectivity infrastructure ministries/departments involving their heads of network planning division for unified planning and integration of the proposals.

All these departments had approached the NPG first for approval before making a detailed project report at the planning stage. After the NPG’s clearance, the project follows the normal procedure of approval by the finance ministry and the Cabinet, depending upon the projects.

She said that time taken for DPR has been reduced from six months due to the use of a national master plan portal.

Over 1,000 layers of data including land, ports, forest, and highways are available on the portal, Dawra added.

Usage of the portal by different ministries including social sector departments and states are increasing and it is helping in the proper planning of projects, she said.

The NPG consists of heads of the network planning wing of respective infrastructure ministries and will assist the Empowered Group of Secretaries (EGOS), which is headed by the cabinet secretary. https://theprint.in/economy/network-planning-group-formed-under-pm-gatishakti-recommends-66-projects-worth-rs-5l-cr/1413568/

11. Let water credits flow *(thehindubusinessline.com)* Mar 2, 2023

India's water resources are under tremendous pressure. There are wide temporal and spatial variations in the distribution of water. For example, India receives more than 80 per cent of the rainfall during four months of the year. As regards unequal spatial distribution, the Barak and Brahmaputra basins have a per capita water availability that is more than that of the Ganga basin. India's per capita water availability has touched the water-stressed benchmark, and is likely to reach the water-scarce scenario by 2050.

Water credits deal with the transaction between water deficit and water surplus entities within a basin. It represents a fixed quantum of water that is conserved or generated. It is almost a mirror image of the concept of carbon credits. However, unlike carbon credits, the spatial limits for transactions are confined to hydrological boundaries — that is, river basin or watershed.

Take the water credit system between municipalities and industries. Industries can buy water credits from water-rich municipalities that are fund crunched to finance large-scale floodwater harvesting or wastewater treatment projects, which aid in conserving water. Thus, the multiplayer approach is essential for the water credit system.

Global successes

India should learn from global water trading successes, like that of Australia (for example, the Murray-Darling basin), to lay a roadmap for water trading and also ensure water regulation by setting up related authorities. Another notable success story comes from Chicago Mercantile Exchange, where participation is seen from actual users such as farmers and municipalities and financial investors.

Recent reports suggest that NITI Aayog is contemplating draft recommendations on future trading of water and tradable water licences. However, experts have raised some concerns about the awareness among water users and water suppliers on water trading. It is anticipated that India could face opposition if water is made a tradable commodity.

With the effective implementation and stringent regulatory standards, water trading also paves way for water quality standards. This makes water “quality” a tradable commodity. Under such as system, a source pollutant (industry) having controlled pollutant levels “sells credits” to another source pollutant (industry), which can use these credits to enhance their level of treatment in order to comply with the regulatory requirements.

This further promotes growth in the recycle and reuse markets through the utilisation of heavy metals/trace organics released in the water from both the industrial and agricultural sectors.

An innate flaw of this water credit system is that the market is dominated by a small number of rich institutions or sellers. Due to this market domination, rich sellers can control the market by buying credits from the poor, and continue to misuse the shared water resources. The market competition among sellers is further reduced due to the lack of awareness about the water credit concept. In such a case, a regulatory body must be in place to facilitate and successfully maintain free market conditions.

However, the credit system can be used to highlight the water quality merits and strengthen economic relations both at a global as well as regional level. Also, such a system can substantially reduce the burden of the government that releases funds towards mitigation as well as post-disaster events such as floods and droughts. Another benefit of such a system is that the markets can even ‘insure’ irrigated and rain-dependent agriculture against droughts by locking in water prices.

There has been no strong dialogue on the implementation of a water credit system, so far. India needs to aggressively alter and adopt practices to expand finance opportunities within the water sector. https://www.thehindubusinessline.com/opinion/let-water-credits-flow/article66573210.ece

12. Many states to miss capex targets this fiscal: Icra *(economictimes.indiatimes.com)* Mar 3, 2023

Mumbai: As many as 23 states are set to miss the budgeted capital spending by around Rs 1 lakh crore this fiscal, according to a report. In the first three quarters, the states' capex grew just 11.6 per cent, which is trailing by 30 per cent of the budgeted targets. This is despite an improvement in overall revenue account position of the 23 states whose data is available, according to an analysis by Aditi Nayar, the chief economist and head of research at Icra Ratings.

According to the agency, these 23 states' combined capital outlay and net lending stood at Rs 3.2 lakh crore as of December 2022, which is only 46 per cent of their FY23 budget estimates.

Consequently, a substantial Rs 3.8 lakh crore of additional spending isrequired in Q4 to meet their budgeted capex of Rs 7 lakh crore. This means that these states will have to spend 51 per cent more than the Q4FY22.

More than 60 per cent of the gap of Rs 3.8 lakh crore is on account of laggard states such as Uttar Pradesh, Maharashtra, Telangana, Andhra Pradesh, Madhya Pradesh, West Bengal and Rajasthan, the report said. Moreover, market borrowing during January-February FY23 has been lower than indicated. Additionally, utilisation under the Centre's Rs 76,000 crore interest-free capex loan scheme for FY23 has been less than 60 per cent till January.

Notwithstanding an anticipated back-ended pick-up in the March quarter, the agency has estimated that actual capex of these states in FY23 will undershoot the budgeted levels by Rs 0.7-1 lakh crore on a combined basis. As a result, the fiscal deficit of these states are projected to trail the budget estimate by Rs 1- 1.2 lakh crore in FY23, it added. https://economictimes.indiatimes.com/news/economy/finance/many-states-to-miss-capex-targets-this-fiscal-icra/articleshow/98371832.cms

13. UT Power department switches from Rs 160 crore profit to Rs 285 crore loss *(timesofindia.indiatimes.com)* Mar 3, 2023

CHANDIGARH: The UT electricity department has swung from generating profit to a loss-making entity in a couple of years.

From a profit of Rs 160 crore in 2020-2021, the department is staring at a loss of Rs 285.91 crore.

WHERE IT WENT HAYWIRE

HEADS	Approved	Actual
Power purchase cost	₹686 crore	₹899 crore
Employee costs	₹93 crore	₹93 crore
Depreciation	₹13 crore	₹20 crore
Revenue requirement	₹860 crore	₹1032 crore

(2023-2024 fiscal)

THE RISE & DECLINE

2020-2021 | ₹160.97Cr (profit)

2021-2022 | ₹32.48Cr (profit)

2022-2023 | ₹77.74Cr (loss)

2023-2024 | ₹285.91Cr (loss)

At the beginning of 2020-2021, the department had a healthy balance sheet with Rs 151 crore in revenue surplus. By the end of the financial year, it had added another around Rs 50 crore to it, taking the gains to Rs 160.97 crore.

But in 2021-2022, though the department remained in profit, the revenue surplus sharply declined. A revenue gap of Rs 136 crore ate into the overall profit, and by the end of the financial year, its overall profit stood at Rs 32.48 crore.

The gap between the revenue and the expenditure for the department widened sharply in the outgoing financial year. For the first time in many years, the department registered an overall loss, with a major gap between its expenditure and revenue. In the 2022-2023 financial year, the department registered a loss of Rs 77.74 crore.

For the 2023-2024 fiscal, the department's petition submitted with the Joint Electricity Regulatory Commission (JERC), has kept revenue gap at Rs 285.91 crore. To the previous financial year's loss of Rs 77.74 crore, the department will add another Rs 192.01 crore in losses for this fiscal.

Even as the department was starting to slide in revenue gap, the tariff was either kept unchanged or decreased in the past few years.

The last increase in the domestic and commercial electricity tariff was in 2018-2019. In 2021-2022, there was a marginal reduction in the power tariff.

This year, the department in its petition with the JERC, has sought an average increase of around 10% in the power tariff across the board.

UT chief engineer C B Ojha said, "The power purchase cost for the department has increased over the years that has resulted in the revenue gap. For instance, for 2023-2024, the approved power purchase cost is Rs 686 crore, but the actual cost is Rs 899 crore."

In 2020-2021, the UT administration initiated the privatisation process of the electricity wing of the engineering department. Thereafter, the Union Cabinet gave its nod to the bid of Rs 871 crore made by a private company.

Kolkata-based industrial and services conglomerate RPSanjiv Goenka (RPSG) Group's flagship Calcutta Electric Supply Corporation (CESC)'s wholly-owned subsidiary Eminent Electricity Distribution (EED) had quoted the highest bid of Rs 871 crore against a reserve price of Rs 175 crore. The next highest bid of Rs 606 crore was made by Torrent Power. Currently, the privatisation process is entangled in legal cases.

Since the start of the privatisation process, the administration has held back on the capital expenditure on the city electricity infrastructure. https://timesofindia.indiatimes.com/city/chandigarh/power-dept-switches-from-160cr-profit-to-285cr-loss/articleshow/98378429.cms

14. RTI reveals 'inaccuracies' in working of healthcare centres in Uttarakhand *(timesofindia.indiatimes.com)* March 3, 2023

DEHRADUN: A Dehradun-based RTI activist has alleged that the process of finalising tender for operation of 22 urban primary health centres in Uttarakhand had inaccuracies, like awarding the tender to the second lowest bidder instead of the lowest bidder, which he said would lead to "severe mismanagement of funds".

Officials of the National Health Mission (NHM) as well as the health department strongly refuted this. Amar Dhunta, who had filed the RTI, said, "The RTI revealed that instead of the lowest bidder, the second lowest one was offered the tender. Besides, no documentation was done and the procurement committee was bypassed. In fact, when we queried, the information was denied to us initially. We had to file an appeal to access it."

Information obtained by TOI showed that the lowest bidder for four clusters (two of Dehradun, one each in Haldwani and Haridwar) of Uttarakhand was finalised at Rs 2.71 lakh per Uttarakhand Primary Healthcare Centre (UPHC) per month, but the one for Roorkee cluster was Rs 2.41 lakh per UPHC per month. Dhunta believes the price for Roorkee cluster could have been applied to the UPHCs in the rest of the state.

Officials claim that everything was done as per due process. "The bid did go to the lowest bidder, which is the crux of the tender process. There have been no inaccuracies at all. In fact, whatever information was requested has been provided through the RTI," said NHM director Dr R Rajesh Kumar.Tanmayee Tyagi. https://timesofindia.indiatimes.com/city/dehradun/rti-reveals-inaccuracies-in-working-of-healthcare-centres-in-uttarakhand/articleshow/98376387.cms?from=mdr

15. Now, Congress claims Rs 250 crore scam in Labour dept *(deccanherald.com)* March 03, 2023

Karnataka: The Congress on Thursday claimed that the Labour department distributed 'overpriced' kits to labourers and students, in what the party described as a scam worth Rs 250 crore.

Congress leaders Priyank Kharge and Ramesh Babu, who have been on a spree of exposing 'scams', demanded an investigation.

"In 2020-21 and 2021-22, a scheme was devised to provide kits to labourers. In 2020-21, it was decided to give six kits - 5,625 bar bending kits, 5,600 carpentry kits, 4,625 electrician kits, 8,605 painting kits, 5,203 plumbing kits and 96,000 masonry kits - at a cost of Rs 49.94 crore. In 2021-22, Rs 133 crore was spent," Babu said.

In 2022-23, Babu said the department decided to give educational kits to schoolchildren of registered labourers. "For Class 1-5 students, the kits cost Rs

38.47 crore. For Class 6-8 kids, it cost Rs 27.80 crore. Like this, they've totally spent Rs 250 crore on kits," he said, adding that components in the kits were overpriced.

"In the market, one pencil box would cost Rs 100. But the department has shown it Rs 200. The kit they gave students would cost Rs 3,650, but their prices are Rs 7,300-9,000. For the electrician kits, the cost would be Rs 2,960, but they've spent Rs 6,904," he said. https://www.deccanherald.com/state/top-karnataka-stories/now-congress-claims-rs-250-crore-scam-in-labour-dept-1196669.html