NEWS ITEMS ON CAG/ AUDIT REPORTS (04.04.2023 to 05.04.2023)

1. At least three 'completed' textile parks closed, finds CAG report *(business-standard.com)* Apr 04, 2023

Auditor says large number of cancellations defeated the purpose of the scheme

At least three textile parks in Surat (Gujarat), Pochampally (Telangana), and Latur (Maharashtra) that were classified as successfully completed and shown as functional in the textiles ministry's records were found to have been shut down during a compliance audit of the integrated textile parks conducted by the Comptroller and Auditor General (CAG).

In the audit report, which was tabled in the Parliament last week, the CAG said the ministry considered the parks "completed" solely on the basis of the recommendations of the project management consultant (PMC) without physical verification by its own officials.

The CAG recommended that the ministry take punitive action against the PMCs and special purpose vehicles for providing false information.
Out of the 10 completed parks sampled, the audit found that the ministry treated five parks as "completed" without ensuring the creation of common infrastructure and facilities that were initially planned in their detailed project reports.

The ministry released grants (ranging between 60 per cent and 79 per cent of the total grant) for three sampled parks based on recommendations of the PMCs without ensuring availability of statutory clearances before commencement of the parks.

"The sanction of grants amounting to Rs 79.61 crore to the three sampled parks was not fruitful so far as the parks were still incomplete due to non-availability of statutory clearances," it said.

STATUS CHECK

Achievement of targets by the parks: Completed (26) Ongoing (30)

	Proposed	Actual	Overall achievement (in %)
Employment	344,443	102,205	30
Investment (in ₹cr)	26,529	13,347	50
Textile units	5,333	1,951	37

Source: Ministry of Textiles

The CAG recommended that the ministry consider making the availability of land and statutory clearances required for setting up of textile parks a pre-condition for sanction or release of grants.

The Centre introduced the Scheme for Integrated Textile Parks (SITP) in 2005 with the objective of establishing world-class infrastructure to set up textile units, which would, in turn, generate employment opportunities and increase investments.
The ministry sanctioned 98 parks under the scheme till June 2016 after which no additional parks were sanctioned. The Centre has released grants worth Rs 1,592.52 crore to these parks. As per the data submitted by the ministry to the CAG, out of the 98 sanctioned parks, 26 were marked as completed, while 30 were considered ongoing and 42 cancelled.

An amount of Rs 77.34 crore remained unrecovered from 10 cancelled parks apart from penal interest of Rs 117.72 crore.
"The cancellation of a large number of parks and inordinate delays in completion of the parks defeated the purpose of the scheme to that extent," the CAG observed.

The CAG audit found that there was a huge shortfall in achieving targets by the textile parks sanctioned under the scheme. Only 30 per cent of the employment and 50 per cent of investment targets were achieved 16 years after the inception of the scheme.

The auditor also highlighted the ministry's failure in continuing the monitoring of the Doddaballapur Integrated Textile Park in Karnataka, which was found to be running non-textile activities in the park, "thereby defeating the very objective of the scheme". https://www.business-standard.com/amp/india-news/parks-certified-by-textiles-ministry-as-completed-found-closed-cag-123040401005_1.html

2. **Huge shortfall in achievement of targets by SITP entities: India's CAG** *(fibre2fashion.com)* Apr 03, 2023

There was a huge shortfall in achievement of targets by the textile parks sanctioned under the Scheme for Integrated Textile Parks (SITP), introduced in 2005, according to a recent report presented in parliament by the Comptroller and Auditor General of India (CAG).

Even after 16 years, the actual achievement of the 56 completed and ongoing parks was 30 per cent in terms of employment generation, 50 per cent in terms of investments and 37 per cent in terms of setting-up of textile units of the targets set in the detailed project reports of the parks.

There were delays ranging from a year to more than 10 years in completion of parks, with the major reasons being delay in obtaining statutory clearances, issues related to land allotment for the parks and weak financial strength of the special purpose vehicles (SPVs).

Further, 43 per cent of the total sanctioned parks were cancelled. The cancellation of large number of parks and inordinate delays in completion of the parks defeated the purpose of the scheme to that extent, the CAG report observed.

Very few of the parks were fully integrated textile parks having benefits of value chain and promotion of industrial clusters that would have led to reduction in production costs. A large number of parks were proposed with only one to two segments of the value chain, the report said.

Without ensuring successful completion of the Parks sanctioned during the 10th Plan period by March 2007, as envisaged in the scheme guidelines, the textiles ministry sanctioned more parks in the 11th and 12th Plan periods, it said.

The scheme has further been extended up to the year 2025-26 for completion of the projects already sanctioned under it.

The ministry considered the parks as ‘completed’ solely on the basis of recommendation of the project management consultant (PMC), without ensuring the veracity of the recommendation through independent physical verification by its own officials, the CAG report commented. Instances of misinformation on the part of PMCs were noticed during audit.

Non-involvement of various state governments at the appropriate stage of the projects had been one of the major reasons of the project failure as various projects suffered due to land issues, power supply, water supply and statutory clearances.

In case of the Surat Super Yarn Park, the ministry allowed to purchase 2x7.5 MW second-hand captive power plant (turbine and boiler and some of the auxiliaries) from China at a cost of ₹42.30 crore. Only one unit of captive power plant was commissioned in 2012, but it became non-operational within a year of its commissioning and subsequently the park was shut down, the report said.

Out of grants of ₹122.61 crore released to 20 cancelled parks, an amount of ₹77.34 crore remained unrecovered from 10 cancelled parks apart from penal interest of ₹117.72 crore. Out of the remaining 10 cancelled parks, where grants had been recovered, penal interest amounting to ₹34.75 crore was not recovered in case of seven parks.

The ministry had to cancel a few projects after release of government grants as the SPV or the project management consultant failed to obtain statutory clearances which were a pre-requisite to commencement of the project.

Out of the sampled 10 completed parks, CAG conducted field visits in nine parks and found that three parks, where grants aggregating to ₹93.60 crore were released and the ministry had considered them to be successfully completed and showed as functional in its records, were found to be closed.

One park was found running with non-textile activities like engineering works, furniture works, seeds processing, etc. Another was found seized by bank.

The textiles ministry treated a few parks as completed without ensuring creation of common infrastructure and facilities, which were initially planned in their detailed project reports, the CAG report said.

The ministry did not take action against the PMCs despite their failure in fulfilment of obligations. The review of progress of the parks by the project approval committee was not an independent exercise but was based on the inputs provided by the PMC or SPV.

The scheme guidelines did not envisage any role of the textile commissioner or regional textile commissioners in monitoring of the parks, the CAG report added. https://www.fibre2fashion.com/news/textile-news/huge-shortfall-in-achievement-of-targets-by-sitp-entities-india-s-cag-286732-newsdetails.htm

3. A necessary evil? *(millenniumpost.in)* Apr 03, 2023

Recently, the State Governments of Rajasthan and Chhattisgarh have re-implemented the Old Pension Scheme (OPS) in their respective states. Subsequently, employees and political parties of other states of the country have started pressuring the government to implement OPS in their states, as this scheme makes the life of employees easier after retirement and political parties may get lakhs of votes in every election. The basic reason for the abandonment of OPS by the Central or State Governments was the steady increase in the expenditure on pension heads. In some states, due to an increase in expenditure on pension heads, their fiscal deficit has increased to a great extent.

The Old Age Social and Income Security (OASIS) report was introduced in 1999 in India to give concrete shape to financial reforms and financial good governance. In this report, it was clearly said that the central and state governments need to cut unnecessary expenses so that a balance can be maintained between expenditure and earnings. It was said in this report that the facilities being provided free of cost should be banned on a priority basis. Based on this report, in the budget speech for the financial year (FY) 2003, the then Finance Minister said that the National Pension Scheme (NPS) would be implemented in place of OPS for central employees.

Under OPS, retired employees are given 50 per cent of their last drawn salary plus dearness allowance as a monthly pension, while under NPS employees have to contribute 14 per cent of their salary every month, which is payable on attaining the age of retirement. After that, it is given to the employees in the form of a pension. According to the NPS trustee, by December 2022, 59.78 lakh state government employees had opted for NPS, and its total assets were Rs 4.27 lakh crore.

The then government had announced the implementation of NPS in the budget of FY 2003, yet it was left to the choice of the states to adopt it or not. There was no coercion in the matter from the Central Government. Nevertheless, by the year 2005, 27 states had adopted NPS. However, Tamil Nadu and West Bengal have not implemented this scheme yet.

OPS was prevalent in most countries before 1990, but due to the increasing liabilities of the governments and the increase in the average age of the population, the government found it difficult to run the OPS for a long time. Hence, the economists started advising the government that some other scheme should be implemented instead of this one, so that governments can remain financially disciplined.

The World Bank also believes that it is not possible to run OPS due to its high cost, as it will increase the liabilities of the Central and State Governments so much that they will have to borrow heavily from the market. India is a young country. When the age of the population here will increase, the liabilities of the government will increase enormously.

According to an estimate, by the year 2050, the population of India will be around 164 crores and out of these, the number of people above 60 years will approximately be 32 crores. Due to a large number of elderly people, the government will have to spend a lot of money on OPS.

According to the Reserve Bank of India's budget estimates for FY 2022-23, the pension expenditure of states will increase by 16 per cent to Rs 4,63,436 crore in FY 2022-23, as against Rs 3,99,813 crore in the previous FY. The compound annual growth rate (CAGR) of states' pension liabilities over the 12 years ending FY 2022 was 34 per cent, while state pension liabilities were 13.2 per cent of revenue receipts and 29.7 per cent of tax revenues.

Interest payments, salary and pension payments are considered committed expenditures, as the expenditure on these items is fixed every month. Till FY 2021, on average, 56 per cent of the expenditure on these items was being done from the revenue of the states. The average revenue receipt of the states in this FY was 100 per cent, but the expenditure was 125 per cent. In some states, such as Punjab's expenditure was 80 per cent more than its income, while Kerala's expenditure was 73.9 per cent more than its income, West Bengal's expenditure was 73.7 per cent more than its income and Andhra Pradesh's expenditure was 72.2 per cent more than its income. If we compare the expenditure as a percentage of tax revenue, then in these four states, the expenditure was more than 149 per cent of their income.

In 2018, the CAG suggested that for increasing the number of NPS subscribers, there is a great need to remove the shortcomings in NPS. In this connection, the government should ensure that employees who contribute to NPS get a minimum pension after retirement. Besides, the central government also made a rule in January 2019 that if the NPS investor gets delayed payment, then he will have to pay interest at the rate of the General Provident Fund (GPF) to the investors for the delayed time. It seemed that these measures helped to a great extent to increase the number of subscribers of NPS.

There is no doubt that by adopting the OPS system, the expenses of the states in the pension head will increase and the liabilities of the states will increase even more in case of retirement of the employees. At present, the average age of Indians is 70 years, which may increase further in the coming years. Therefore, the liabilities of the state governments will increase further in the coming years. However, the higher or lower percentage of liabilities will depend on the income of the states, so the percentage of states borrowing from the market may also vary.

Due to the increase in the average age of the population in India and the high expenditure on OPS, even though the central and state governments want to get rid of it, India's social and economic structure is different from western countries. Here senior citizens are considered a burden to the family and society and usually, their children do not treat them well. Many people are forced to live in old age homes while ageing makes a person physically weak, and he gets caught with many diseases. In such a situation, people need more money when they grow old.

From this point of view, there is a great need for OPS in a country like India. The constitution of the country also considers India as a welfare country. Therefore, the government must ensure the availability of better facilities for the elderly. Political parties are also doing politics of pressure for political reasons to implement OPS. Nevertheless, OPS is very important for government employees as it helps them to lead a healthy life after retirement.

It can therefore be said that by re-implementing OPS by the Central and State Governments, their expenditure will increase, but it can be continued by cutting the expenditure in other items because it is necessary to do so to keep society healthy.
https://www.millenniumpost.in/opinion/a-necessary-evil-513887

4. Repatriation of antiquities: Are our museums ready for it? *(maktoobmedia.com)* Apr 05, 2023

On February 22 2023, the Ministry of Culture, in collaboration with the Archaeological Survey of India, National Museum Institute and National Museum, organised an exhibition Re (ad)dress: Return of Treasures, at Chhatrasaal Convention Centre at Khajuraho in Madhya Pradesh. The exhibition displayed a selection of 26 antiquities as part of the ongoing G20 Culture Working Group meetings planned at historic sites across India.

Several smuggled and exported antiquities from India today lie in private and public museum collections abroad, mainly in Europe and North America. Many of these countries and museums have now, however, begun to research the provenance of their collections and are sending back the antiquities received 'illegally' in their home countries back to India following the World Heritage Convention of 1972.

During the inauguration, G Kishan Reddy, the minister of culture, said that since independence, the government had retrieved only 13 antiquities. However, since 2014, the present government has shown its resolve to bring the country's cultural pride by bringing back 229 antiquities.

The ruling BJP government takes pride in the fact that India has received more than 200 antiquities from the United States, Australia, Canada and the UK in recent years.

While the Indian government is projecting the repatriation of antiquities as a matter of national celebration, and the media outlets in their headlines are busy highlighting the monetary value of these repatriated collections, It is essential to note that the institutions which are supposed to look after these repatriated collections are in a deplorable condition.

The Parrot Lady, a sandstone sculpture repatriated from Canada in 2015, a highlight of the return of the Treasures exhibition, has found a home at the site museum in Khajuraho. However, a 2022 report by the CAG reveals that the site museums, including the one in Khajuraho, are struggling for skilled human resources and management systems, the basic requirements of a museum.

The report further highlights that 90% of the collections in 51 site museums in India remain locked in storage, and there is no rotational policy for replenishing old displays with new ones. It would be no wonder if the Parrot Lady, in a few years, might again disappear from public view despite existing in the museum.