NEWS ITEMS ON CAG/ AUDIT REPORTS (05.05.2023 to 08.05.2023)

1. A mountain of follies *(thehindubusinessline.com)* 05 May 2023

Mountainous regions such as Uttarakhand are prone to natural disasters and environmental degradation, primarily because of their fragility. Floods, landslides and earthquakes cause significant loss of life, property and resources.

Uttarakhand's biggest flash flood in mid-June 2013 took over 10,000 lives and caused heavy damage to property.

In recent times, heavy construction activities have crossed the bearing capacity of the region. This has been further intensified by upcoming hydro-electric projects, dams, unchecked construction, excavation of tunnels, large-scale blasting, construction of ropeways, mountain railways, and indiscriminate mining and quarrying activities.

Recommendations ignored

The recent land subsidence in Joshimath is a grim reminder of what happened in Kedarnath in June 2013. Successive governments have ignored the recommendations by scientists, geologists, environmentalists and expert committees.

The Tapovan-Vishnugad hydropower project of the NTPC Ltd, construction of the Char Dham project and unbridled construction activities have resulted in this disaster. The Mishra committee report (1976) had warned that the town was situated on an old landslide zone and was sinking.

The Committee recommended short- and long-term measures to avert the crisis. A Supreme Court appointed panel under Ravi Chopra had recommended that no new hydro projects should commence in the State till the complete impact assessment on ecology and environment is done for the earlier projects.

However, the successive governments at the Centre and the State did not heed the warning. The Planning Commission in 2013 said that "the Himalayan region has a very fragile geomorphology and provides valuable ecosystem services to the nation in general and to the people living in Indo-Gangetic Plain in particular". Disasters occur all of a sudden, causing large scale property and livestock losses. Mental health aspects of disasters are widely recognised and studied across the countries, including India.

Although, institutional mechanisms are in place at the national level to the district and sub-district level for management of disasters, there are severe lacunae. The achievements of the State have not been satisfactory in grappling with natural disasters even after formation of the State Disaster Management Authority (SDMA) in 2007. The role of the State has been castigated by the Comptroller and Auditor General (CAG).

The CAG report 2010 said: "The performance audit of Disaster Management revealed the State Government's lackadaisical approach towards implementation of important aspects of disaster prevention, mitigation and preparedness. The State Government had yet to frame the guidelines, policies and rules as envisaged in the Disaster Management Act, 2005. Further, the State Disaster Management Authority was virtually non-functional since its inception in October 2007".

Framework for disaster

The framework of disaster typically involves four distinct stages — risk reduction, relief, early recovery, and recovery and reconstruction.

Early recovery consists of basic facilities such as health and education, and recovery and reconstruction comprise of infrastructure, livelihoods and other basic needs. It is also necessary to build an information system on disasters in each phase.

The number of subsidence affected homes in Joshimath is close to 850. The interim relief of ₹1.50 lakh per household is inadequate in view of the losses.

Rehabilitation and reconstruction are the principal tasks of the State government. Short-term measures include providing immediate relief such as evacuating people in safer locations. Medium-term measures include provision of livelihood and relocation. Long-term measures take into consideration sustainable development. https://www.thehindubusinessline.com/opinion/a-mountain-of-follies/article66813061.ece

STATES NEWS ITEMS

2. CAG unveils irregularities in appointing General Consultant for Pune Metro Rail Project *(metrorailtoday.com)* 06 May 2023

Pune, India (Metro Rail Today): The Comptroller and Auditor General (CAG) has revealed irregularities in part of Maharashtra Metro Rail Corporation Limited (Maha Metro) while selecting the General Engineering Consultant for the Pune Metro Rail Project. The corporation has paid Rs 146 crore in excess to consultancy firms from the taxpayers' money.

According to the CAG audit report, the Maharashtra Metro Rail Corporation Ltd (MMRCL) granted the work of the Pune Metro project for general consultancy without holding a bidding process i.e. without publishing a tender.

CAG stated that Maha Metro's claims of cost savings and delays in the tendering process lacked credibility. Additionally, it noted that this demonstrates poor management techniques and a lack of transparency in the execution of Pune Metro Rail project.

A consortium comprises of AECOM, EGIS, RITES and Systra were chosen as temporary consultants for providing general engineering consultancy services for Nagpur Metro Rail Project. By paying Rs 183 crore on a nomination basis, Systra was also given the additional job of the Pune Metro Rail Project with this contract.

Maha Metro said that it backed the decision to award the Pune Metro rail project to the same company in order to avoid delays in the tendering process and because a new tender might have higher rates than the present consultancy firm's contract.

Maha Metro put out a tender and awarded the Pune Metro Rail Project general engineering consultancy work to the same consultancy firm. This company received a total of Rs 368.09 crore, of which Rs 221.93 crore was allocated to the Nagpur Metro Rail Project.

However, it was observed in the CAG report that subsequently Maha Metro tendered in December 2019 for the work of a general consultant relating to the Pune Metro Rail Project, and the work was awarded in November 2020 at a contract price of Rs 185 crore. Hence, the total value of the general consultancy contract came to Rs 368.09 crore - Rs 183.09 crore for interim consultancy and Rs 185 crore for consultancy for Pune Metro, which was much higher than the Nagpur Metro general consultancy contract value of Rs 221.93 crore. Hence, the report added, the arguments regarding cost savings and tendering delays are not convincing.

The CAG report said that avoiding tendering of high-value contracts citing the time required for following the tendering process is not a valid justification and indicates poor project management besides a lack of transparency in awarding of major works.

The estimated cost of the Pune Metro Rail Project already went up to Rs 13,636 crore from Rs 11,400 crore. https://metrorailtoday.com/news/cag-unveils-irregularities-in-appointing-general-consultant-for-pune-metro-rail-project

3. Congress, NCP tiff delays forming of Maharashtra public accounts committee *(timesofindia.indiatimes.com)* 06 May 2023

MUMBAI: The formation of the all-important Public Accounts Committee (PAC) of the state legislature has been delayed due to a tiff between Congress and NCP for chairperson's post.

While Congress recommended the name of former CM and senior MLA Ashok Chavan to head the PAC, NCP has given MLA Rohit Pawar's name for chairperson. Speaker Rahul Narwekar is awaiting consensus in MVA to form the PAC and appoint the chairperson.

It has now been two months since the Comptroller and Auditor General's (CAG) special audit report on the BMC was tabled in the legislature. As per procedure, the CAG's report is to be sent to the PAC which can recommend further action but with no PAC in place, there has been no action. The PAC is seen as a powerful committee of the legislature since it is a joint committee of the legislative assembly and council.

"We have received names of MLA Rohit Pawar from NCP and that of senior leader Ashok Chavan for the chairperson's post. As per convention, the opposition party with the highest legislators gets this post - which is NCP but Congress has also staked claim. So we have asked both parties to see if they can send one common name with consensus so the PAC can be formed soon. If not, NCP's Chairperson will be announced as per convention," a senior official said. Speaker Rahul Narwekar told TOI that the PAC will be announced soon.

The CAG report had flayed BMC for giving contracts worth crores without tenders or agreements, in violation of vigilance and procurement norms. It said the civic body lacked transparency, granted favours to contractors and its decisions caused financial losses and massive cost escalation. However, the state doesn't have a PAC in place now as the new PAC under Shinde-Fadnavis government is yet to be formed.

A senior MVA source said Congress sought chairperson post as Leader of Opposition in the assembly was Ajit Pawar from NCP and in the Council it was Ambadas Danve from Shiv Sena (UBT).

The state's previous PAC was headed by the BJP's Sudhir Munganthiwar. https://timesofindia.indiatimes.com/city/mumbai/congress-ncp-tiff-delays-forming-of-maharashtra-public-accounts-committee/articleshow/100043876.cms

4. CAG (Comptroller and Auditor General): Logically conclude misappropriation cases *(sentinelassam.com)* 08 May 2023

GUWAHATI: The State Government has not yet lodged FIRs (First Information Reports) in 317 cases of theft, misappropriation of funds, loss of materials etc., involving Rs 136.35 crore. Such cases also include cases as old as five to above 25 years.

The report of the CAG (Comptroller and Auditor General) of India (State Finance Audit) for the year ended on March 31, 2022 revealed this. The CAG recommended the Assam Government to consider putting in place an effective mechanism to ensure monitoring and speedy settlement of cases relating to theft, misappropriation of funds, and losses in their own financial interest.

The CAG audit report observes that there were 339 cases of theft, misappropriation, and losses involving government money amounting to Rs 142.99 crore (up to March 2022) on which final action was pending. Of the 339 cases above, FIRs in respect of only 22 cases involving Rs 6.63 crore were lodged where the investigation was in process. The government may take necessary action in all the remaining cases (317) and logically conclude the misappropriation cases.

According to the CAG report, 35 departments with final action against such pending cases include PWD with the involvement of Rs 29.19 crore, Higher Education with Rs 12 crore, Industries and Commerce with Rs 11.94 crore, Health and Family Welfare with Rs 12.73 crore, GAD (DCs) with Rs 21.11 crore, Elementary Education with Rs 7.27 crore, Cooperation with Rs 5.7 crore, Animal Husbandry and Veterinary with Rs 4.74 crore, Agriculture with Rs 3.77 crore, Social Welfare with Rs 3.92 crore, etc. https://www.sentinelassam.com/topheadlines/cag-comptroller-and-auditor-general-logically-conclude-misappropriation-cases-648651

5. Unravelling the controversy behind Adani's takeover of Gangavaram port *(newsmeter.in)* 4 May 2023

Visakhapatnam: Has the Andhra Pradesh government sold its most profitable port to Adani at a loss? Questions have now been raised about how Adani was able to take control of the port in such a short period of time. Former Union secretary writing to the CAG requesting an independent investigation into the acquisition has been a hot topic of discussion lately.

Gangavaram port is located near Visakhapatnam and serves as a gateway to the hinterlands of over eight states in India. In a very short time, the port drew substantial business away from the adjacent Visakhapatnam port, becoming India's third largest nonmajor port. Though the promoter, D.V.S Raju (co-founder of Satyam Computer Services), insisted at the beginning of 2009 that it would be "complementary in nature" to the Visakhapatnam port and not a competitor, it acquired the first client from Vizag port, Rashtriya Ispat Nigam Ltd., which operates the Vizag Steel Plant.

Adani's rise to ownership

Only two years ago, in March 2021, Indian conglomerate Adani Ports purchased a 31.5% minority stake in the Gangavaram port from the US-based firm Warburg Pincus for Rs 19.54 billion. Just weeks later, Adani paid Rs 36 billion for D.V.S Raju's 58.1% stake in the port, bringing its total ownership share to 89.6%. The remaining 10.4% was held by the government of Andhra Pradesh in exchange for its contribution of 1,800 acres in the 2000s.

A few months later, Adani Ports submitted a proposal that they are looking to acquire the remaining 10.4% stake of Andhra Pradesh as well at Rs. 120 per share. According to the Centre's disinvestment policy, a government has to follow a competitive bidding procedure to sell off its stake. What happened next is interesting.

However, what startled everybody was how the Andhra government sold its stake in Gangavaram port without any competitive bidding procedure. To review the sale, the AP government constituted a six-member Empowered Group of Secretaries. Based on their suggestions, the government agreed to sell its interest for Rs 6.45 billion in September 2021, giving Adani complete ownership of the port.

The controversy

Dr. E A S Sarma (Retd IAS) and former Secretary to the Government of India told NewsMeter, "How can the state government sell off 10.4% of the port for only Rs 6.45 billion? The Andhra government has kept this share in the project for its contribution of 1,800 acres. The port is just 6 kilometres from the RINL steel plant and 19 kilometres from the Vizag port. The market value of the land in this location is high. However, the government sold its entire 10.4% stake for Rs. 644 crores, which means it sold one acre for Also Read - Texas mall shootout: Ranga Reddy judge's daughter among 8 killed Also Read - Malappuram: 20 killed as houseboat capsizes in Kerala Advertisement Also Read - Mocha: Cyclone to hit Bay of Bengal; Andhra issues orange alert X Rs 35 lakhs in a location where it could get at least Rs. 8–10 crores per acre (around Rs 15,000 crores). They didn't even use a competitive bidding method, as required by the Centre's disinvestment standards, thus deliberately allowing the transaction to be nontransparent. I even doubt that promoter D.V.S Raju got more money than the official price of Rs. 120 per share outside the books."

He added, "RINL Visakhapatnam is the most important client for Gangavaram port as approximately 50 lakh tonnes of coking coal and 2 lakh tonnes of limestone raw materials pass through this port each year. As a result, Adani now has an undue hold over VSP. According to my sources, Adani may take over the Visakhapatnam Steel Plant through subsidiary firms during the disinvestment process. Post-Hindenburg slump, Adani may have decided to go slow on RINL." He further said that he had written a letter to the CAG asking for an independent audit of the transaction in order to assess the magnitude of the damage to the public exchequer and is awaiting the response.

According to Prof. Nageswar Rao, a former MLC and political analyst, "The true colours of the AP government were revealed. On 21 May 2021, the AP government overwhelmingly passed a motion in the Assembly opposing the total disinvestment of RINL. However, the same Jagan Mohan Reddy government has decided to sell its 10.4% stake in Gangavaram Port Limited (GPL) to Adani Ports, which is located right next to RINL. Also, the price at which its share was sold is a clear indication of political clout."

Pattabhi Ram, TDP national spokesperson, alleged that Jagan is selling off government assets for his own personal gain. "He sold Gangavaram port to Adani for peanuts. All of a sudden, what motivated him to sell a highly successful Gangavaram port to Adani? He must explain to the public why he was compelled to turn over Gangavaram port without following proper processes. On this, we anticipate a reaction from Jagan and his government. We are convinced that he has connections with corporate executives," he said.

A senior journalist from Visakhapatnam explained that post-Hindenburg controversy, a huge project worth Rs. 14,634 crores(The Adani Data Centre) is about to be unveiled in Visakhapatnam. "AP Chief Minister Jagan Mohan Reddy will lay the foundation stone, and Gautam Adani will be present alongside. The two's camaraderie will hopefully become more apparent at tomorrow's event," he added.

Despite several requests to reach out to the AP government, including industries minister Gudivada Amarnath, there has been no response from the state.

The tale of Gangavaram port
The administration of Visakhapatnam RINL expected the port to be built in the early 2000s. However, due to a lack of funds, they were unable to materialise. The Visakhapatnam Port Trust, on the other hand, stepped in to build a satellite port at Gangavaram. However, the AP government, led by N. Chandrababu Naidu, refused to cooperate in 2001.

In 2002, under pressure from the TDP and its ally NDA, RINL decided to hand over 1,800 acres of land to the state government for the construction of Gangavaram port. The land was among the 22,000 acres gathered in the 1970s for the planning and construction of a captive port for Visakhapatnam RINL. As a result, the Gangavaram port opened for business in July 2009 with public-private partnership mode. Since then, the port has been profitable, with a reported revenue of Rs. 1,082 crores in 2020. https://newsmeter.in/top-stories/unravelling-controversy-behind-adani-takeover-gangavaram-port-711870

6. West Bengal cannot afford TMC shenanigans anymore *(firstpost.com)* 04 May 2023

The Comptroller and Auditor General of India (CAG) 2022 report on West Bengal finances has observed that in the FY2020-21, the Trinamool Congress government in the state had understated their revenue deficit by Rs 3,440 crore, and fiscal deficit by Rs 2,249 crore. In what can be considered as a stinging indictment of West Bengal government 'account cooking' scam, CAG has observed that, "there was persistent understatement of revenue and fiscal deficit by the state during 2017-21.

In their report, the CAG has warned that "excessive focus on short-term objectives for overcoming budget deficit, encourages creative accounting and recourse to one-off deficit-reducing measures."

The Mamata Banerjee-led government in West Bengal ended the FY2022-23 with a per capita debt of around Rs 60,000 each, in 2010-11 this figure stood at Rs 20,530, which had been arrived at after 34-year long disastrous Left Front rule in the state. In all likelihood, the actual debt incurred by TMC ruled government in West Bengal may have already crossed Rs 6 lakh crores, because the CAG has noted, "…there were some borrowings by the Government for meeting its own commitments on various schemes which were not routed through the budget as well as the accounts and thus remained outside legislative control. These borrowings were raised, on behalf of the State Government, through Government owned or controlled public sector enterprises or societies."

It is evident that the TMC government is not only borrowing from the market directly, but they are also using state corporations, societies etc to rake up debt, most of which is hidden from the public eye. As a result, the total state debt which stood at Rs 1.97 lakh crore as on March 31, 2011, has now crossed Rs 6 lakh crore. What's alarming is that majority of the funds borrowed from the market are being used to pay off the debt taken earlier. As the CAG report highlights, "during 2020-21, an alarming 89.06 per cent (Rs 44,688 crore) was financed from Net Market borrowings."

What all these point out to is that, the West Bengal government has been faking budget figures, and the state of economic decline facing West Bengal under TMC may be far worse than what most of us have perceived it to be till now.

Recently, the Central Government shared data on the amount of Central Funding to the state of West Bengal. Despite TMC leaders spreading misinformation, it has now come to fore that between the financial years 2018-19 to 2020-21 the Central Government allocation was around 125 per cent of West Bengal's own revenues. In 2022-23 this leaped to 145 per cent with the Central Government providing Rs 105,387 crore, whereas West Bengal's own revenue collection was only Rs 72,772 crores. This further rose to Rs 113,230 crore in FY 2022-23, whereas the state government could only collect Rs 81,383 crores.

It is evident that the state economy is to a great extent being supported by the Central contribution, and that the West Bengal economy under TMC would have completely collapsed otherwise.

TMC government is using funds borrowed from the market, not for assets creation of any kind, but for meeting revenue expenditure. This jeopardizes the economic future of the state.

The negative impact of TMC's reckless use of public exchequer has resulted in massive financial problems for the citizens of the state. The West Bengal government has not been able to raise the Dearness Allowance (DA) of the government workers for the past 12-years, which stands at a paltry 3 per cent. In comparison, the Central Government employees are paid DA at the rate of 42 per cent, which is expected to rise to 45 per cent from July 1, 2023.

Thousands of pensioners in the states have not been able to receive their pensions on time. Majority of the infrastructure projects in the state are either running behind schedule, or put on halt due to fund crunch.

Financial Year	State's own revenue (Crores)	Central Funding (Crores)	Central funds as ratio of State's own revenue
2018-19	64,389.87	81,585.38	127%
2019-20	63,882.27	79,031.94	124%
2020-21	65,485.59	82,908.38	127%
2021-22	72,772.02	1,05,387.33	145%
2022-23	81,382.18	1,13,230.16	139%

The West Bengal government has failed to provide for basics like provisioning of drinking water, health, hygiene and education. Such is the state of economy that the Bengal government is contemplating shutting down over 8200 schools in the state, citing one reason or the other.

The healthcare facilities in the state is in shambles, facing acute shortage of doctors, nurses, staff, equipment, infrastructure. There is no future for the youths here as no new investments are coming into the state. There is barely any employment opportunity for the youths, majority of whom are forced to migrate to distant cities like Bengaluru, Delhi, Mumbai, Chennai, Hyderabad for earning a living, and what's worse is that the ruling party in the state continues to indulge in rampant corruption.

It is thus logical to ask, for how long can this "beg, borrow, spend on frivolous things" TMC model of economics be sustained? How long can the tax payers continue to discount the TMC financial misadventures, and reckless spending sprees. West Bengal cannot afford TMC shenanigans anymore, it is high time the state government is held accountable for their financial misappropriations. https://www.firstpost.com/opinion/west-bengal-cannot-afford-tmc-shenanigans-anymore-12547582.html

7. SC Post-Matric Scholarship scheme: After HC's direction, Punjab Govt asks depts to verify pending amount *(tribuneindia.com)* 08 May 2023

Days after the High Court directed the state government to release 40 per cent (state's share) of Rs 400 crore to the SC students from 2017 to 2020 under the SC Post-Matric Scholarship scheme, the latter has asked technical, medical and higher education departments to verify the pending amount to be paid to the beneficiaries.

The scholarship includes the fee component given to educational institutions and maintenance charges paid to the SC students. The state government clarified that the Centre didn't release its 60 per cent share to the beneficiaries as the scheme came to an end in 2016-2017 as a part of the 12th five-year plan. The Centre didn't provide any funds between 2017 and 2020. During this period, many students left the colleges after completing their courses, thus leaving the educational institutions waiting to be compensated.

SC POST-MATRIC SCHOLARSHIP SCHEME

YEAR	DEMAND RAISED	STUDENTS
2017-18	₹621 CRORE	2,88,391
2018-19	₹498 CRORE	2,32,407
2019-20	₹428 CRORE	2,04,783

As a result, drastic fall in enrolment of the SC students was witnessed between 2017 and 2022. The Centre restarted this scheme in 2021 with the ratio of 60:40. From an abysmal low enrolment of 1.75 lakh SC students in 2020, the strength of students reached 2.50 lakh this year.

The National Commission for Scheduled Castes has sought an audit by the Comptroller and Auditor General of India after the state failed to give reasons cited for the drop in the number of the SC students.

A central scheme

It was earlier a Central scheme, but from April 2017, the financial liability of the scheme was transferred to states. The demand raised under the scholarship scheme for 2017-18, 2018-19 and 2019-20 was nearly Rs 1,550 crore. Prior to 2017, over three lakh students would avail the scholarship. The number has now gone down to two lakh. https://www.tribuneindia.com/news/punjab/scholarship-after-hcs-direction-govt-asks-depts-to-verify-pending-amount-505768

8. कैग रिपोर्ट में खुलासा: पंजाब में स्मार्ट सिटी प्रोजेक्ट अधर में, 124 योजनाओं में से सिर्फ 15 ही पूरी *(amarujala.com)* 06 May 2023

पंजाब के तीन शहरों में, केंद्र सरकार की स्मार्ट सिटी योजना अधर में ही लटककर रह गई है। योजना के तहत तीनों शहरों में जो विकास कार्य किए जाने थे, वह पचास फीसदी भी पूरे नहीं हो सके हैं। यह खुलासा भारत के नियंत्रण व महालेखा परीक्षक (कैग) की एक रिपोर्ट में हुआ है। रिपोर्ट के अनुसार, तीनों शहरों के लिए 124 विकास परियोजनाओं को स्वीकृति मिली थी लेकिन उनमें से 15 ही अब तक पूरी हो सकी हैं। इनके अलावा 76 परियोजनाएं ऐसी हैं, जिन पर अभी तक काम ही शुरू नहीं हो सका है।

कैग की रिपोर्ट के अनुसार, स्मार्ट सिटी बनाए जाने वाले तीनों शहरों में से, लुधियाना में प्रस्तावित 43 परियोजनाओं में से केवल 7 पूरी हुई हैं जबकि अमृतसर की 32 परियोजनाओं में से 5 और जालंधर की 49 परियोजनाओं में से 3 पूरी हुई हैं। केंद्र सरकार ने लुधियाना को 2016 में 20 शहरों की उस पहली सूची में शामिल किया था, जिन्हें स्मार्ट सिटी के रूप में विकसित किया जाना था। इसके बाद 2016 में केंद्र शहर ने 27 अन्य शहरों की सूची जारी करते हुए पंजाब के जालंधर और अमृतसर को भी स्मार्ट सिटी प्रोजेक्ट के अंतर्गत ले लिया था।

कैग ने अप्रैल 2015 से मार्च 2020 की अवधि के लिए पंजाब में शहरी स्थानीय निकायों का ऑडिट करते हुए अपनी रिपोर्ट में कहा कि केंद्र ने जून 2015 में स्मार्ट सिटी मिशन लांच करते हुए अगले पांच वर्षों में, जून 2020 तक 100 शहरों को कवर करने का खाका तैयार किया था। इस प्रोजेक्ट के तहत चुने गए शहरों में बुनियादी ढांचा प्रदान करने के अलावा गुणवत्ता वाली नागरिक सेवाएं प्रदान की जानी हैं। इस प्रोजेक्ट को संबंधित राज्य सरकारों द्वारा स्पेशल पर्पज व्हीकल (एसपीवी) के जरिये शहर स्तर पर लागू किया जाना था।

कैग ने पाया कि तीन एसपीवी - अमृतसर स्मार्ट सिटी लिमिटेड (एएससीएल), जालंधर स्मार्ट सिटी लिमिटेड (जेएससीएल) और लुधियाना स्मार्ट सिटी लिमिटेड (एलएससीएल) के लिए पंजाब म्युनिसिपल इंफ्रास्ट्रक्चर डेवलपमेंट कंपनी (पीएमआईडीसी) को नोडल एजेंसी बनाया गया था लेकिन अक्टूबर 2020 तक, 3071.38 करोड़ रुपये की प्रस्तावित राशि वाली 124 परियोजनाओं में से केवल 15 परियोजनाएं 40.69 करोड़ रुपये खर्च करके पूरी की जा सकीं। रिपोर्ट में आगे कहा गया कि अमृतसर में 32 परियोजनाओं में से 18 शुरू नहीं हुईं। इसी तरह, जालंधर में 49 परियोजनाओं में से 34 शुरू नहीं हुई जबकि 12 पर काम जारी था। इसी तरह लुधियाना में 43 में से 24 अभी शुरू होनी हैं और 12 पर काम जारी है। https://www.amarujala.com/chandigarh/smart-city-plan-in-three-cities-of-punjab-has-not-been-completed-according-to-cag-report-2023-05-06

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. Govt's plan to exit 176 CPSEs hits an impasse *(financialexpress.com)* May 8, 2023

The Union government's policy, announced in Budget FY22, to either privatise or close down 176 central public sector undertakings (CPSEs) in "non-strategic sectors, is at an impasse, owing to resistance from within the government and an apparent lack of conviction from the top brass. Official sources don't expect the situation to change before the general elections in May 2024.

Of the 60-odd companies identified for disinvestment in these sectors in the initial batches, there has hardly been any progress except the steel sector. Some ministries, including the ministry of chemicals & fertilisers, have opposed privatisation of CPSEs under their ambit. Others have exhibited a lack of interest in the plan by not taking any administrative initiative even though many companies under their supervision are obvious drags on the exchequer.

On their part, the Department of Public Enterprises (DPE) and Niti Aayog identified 176 CPSEs in the non-strategic sectors and have recommended that over 60% of them be wound up, while the rest, considered "viable units," be privatised. The DPE and the think tank also proposed that a handful of so-called Section 8 companies (not-for-profit) be retained in the public sector.

“The fertiliser ministry has opposed privatisation of CPSEs under it while many others are not following the processes before units are to be taken up for privatisation or closure,” a government source aware of the matter told FE.

All the nine CPSEs under the fertiliser ministry, including Madras Fertilizers and National Fertilizers were recommended for privatisation. Given the massive fertiliser imports by the country, the government has been trying to scale up domestic manufacturing in recent years and these companies could be attractive to the private sector, given the captive market for the products.

Privatisation of these companies would have given a boost to the government’s capex in other areas , where private investments are unlikely, like in certain infrastructure sectors, and areas like healthcare, education and skilling.

“Before closure proposals are put up before Cabinet, several preparatory steps have to be taken including disposing of land, clearance of statutory dues and auditing of accounts to ascertain losses and liabilities,” the source said.

Despite several inter-ministerial consultations, CPSEs in several ministries are yet to undertake an annual audit of their accounts.

Similarly, the National Land Monetization Corporation (NLMC), which was to take up non-core assets like the land of CPSEs, is yet to have a functional set-up and a CEO even a year after the Cabinet approval.

As far as the progress in privatisation of non-strategic units is concerned, Odisha-based NINL steel plant, jointly owned by four central PSUs and two Odisha government PSUs, was privatised for Rs 12,100 crore in January 2022 in favour of Tata Group.

Strategic disinvestment of NMDC Steel, which may fetch the government around Rs 11,000 crore for its 50.79% stake sale, is expected to be completed in the first half of the current fiscal.

The Budget for FY22 unveiled the strategic sector policy which entails that the government has a minimum presence in the four broad sectors while the remaining ones can be privatised, merged or closed. These sectors are atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; banking, insurance and financial services. In the non-strategic sector, all CPSEs will be privatised or closed in case of privatisation is not possible.

Given the government’s preoccupation with upcoming state and general elections, officials reckon the privatisation and closure process will accelerate after 2024. https://www.financialexpress.com/economy/govts-plan-to-exit-176-cpses-hits-an-impasse/3077902/

10. GST inflows high, time to cast tax net wider *(newindianexpress.com)* Updated: May 8, 2023

In its six years of existence, the indirect tax reform has undergone several fine-tunings, yet it remains a work in progress.

In her first budget speech in July 2019, Finance Minister Nirmala Sitharaman indicated that GST collections would likely stabilise from FY22. The Covid-19 pandemic and the resultant economic slowdown were nowhere in the picture then, yet the promised star performance began rolling out. Gross collections stood at Rs 18 lakh crore in FY23, while monthly collections averaged Rs 1.5 lakh crore, thanks to the widening tax base and higher compliance. FY23 saw the highest-ever haul, so proponents see the sustained buoyancy in collections, notwithstanding global uncertainties, as a sign of India's resilience. But critics rightly remind us that GST being a consumption tax, high inflation throughout FY23 played a significant role in cranking up numbers. If inflation eases this fiscal, reaching the ambitious monthly target of Rs 2 lakh crore collections or even sustaining the prevailing Rs 1.4–1.5 lakh crore monthly average should be possible, provided the government undertakes tax reforms.

In its six years of existence, the indirect tax reform has undergone several fine-tunings, yet it remains a work in progress. Though initial distractions like invoice mismatches, refund delays, and input tax credit uncertainties were ironed out, there are several areas that need immediate attention. Be it the setting up of appellate tribunals or dispute resolution mechanisms, the GST Council must summon strength and speed given the backlog of existing disputes. It should also revisit the contentious issue of rate rationalisation. In a 2015 study, then Chief Economic Advisor Arvind Subramanian indicated 15.5% as the revenue-neutral rate. But the latest studies indicate otherwise. An EY study last year found that merging existing rates into anything below 18% leads to revenue loss. Instead, several studies suggest 8%, 15% and 30% slabs to raise the GST-to-GDP ratio, which barely moved an inch compared to the pre-GST era.

Currently, GST has four slabs—5%, 12%, 18% and 28%—besides an exempt list including everyday essential items. Interestingly, a significant number of products fall under the exempt list and the 5% slab; given our socio-economic inequalities, these shouldn't be tweaked. Likewise, the 28% slab includes luxury and sin goods, some of which also attract an additional cess. One sure way to raise collections without tinkering with rates is to bring petroleum products, real estate, alcohol and electricity under GST. Given the resistance from the states, if not as a whole, the Council can start small. https://www.newindianexpress.com/opinions/editorials/2023/may/06/gst-inflows-high-time-to-cast-tax-net-wider-2572414.html

11. The problem with pooling *(financialexpress.com)* Updated: May 8, 2023

Instead of the proposed pooling solution, it would be better if all high-variable-cost gencos sell their electricity in the power exchange

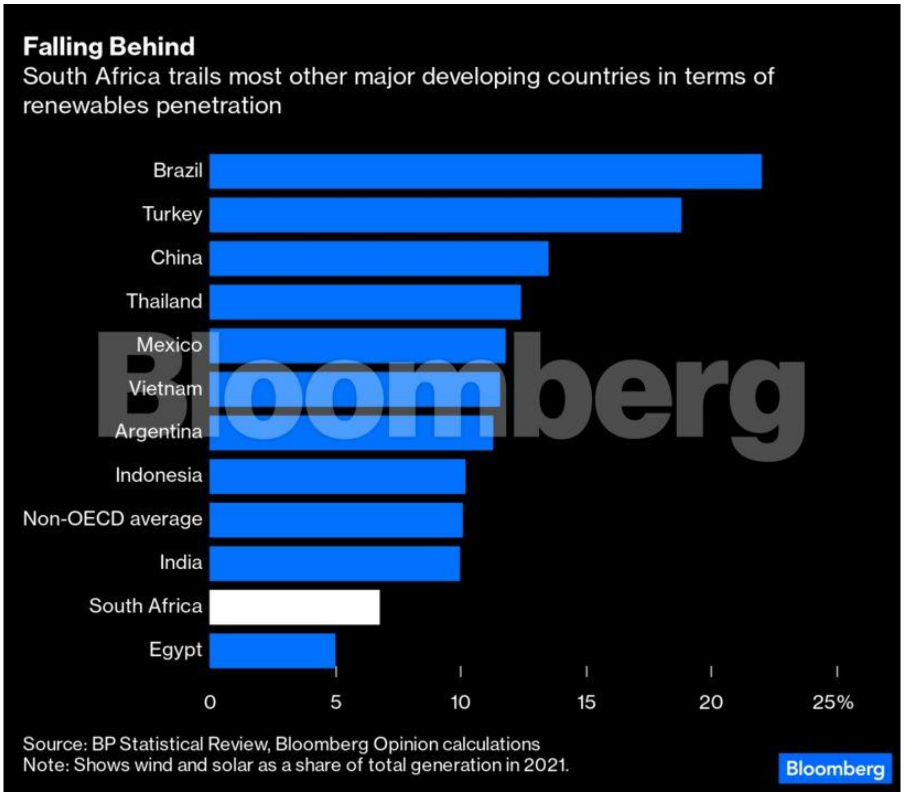
Just the other day, the power ministry finalised the scheme of pooling of tariff of plants (coal and gas only) whose power purchase agreements (PPAs) have expired after their life of 25 years. In simple terms, it means that all generating units of a single generating company which attain 25 years will go into a pool and the fixed cost of the pooled plants will be a weighted average of the individual generating units. The energy charge too will be a pooled weighted charge. All distribution companies will be entitled to draw power from this pool though the original beneficiaries will get preference in case demand from the pool exceeds supply. https://www.financialexpress.com/opinion/the-problem-with-pooling/3077434/

12. A state-owned power utility's failure forced South Africa to let its market work. For India, a lesson *(moneycontrol.com)* May 08, 2023

If you want a model of a power system breaking down under the weight of its own contradictions, forget European gas networks and Texan power grids. Look at South Africa.

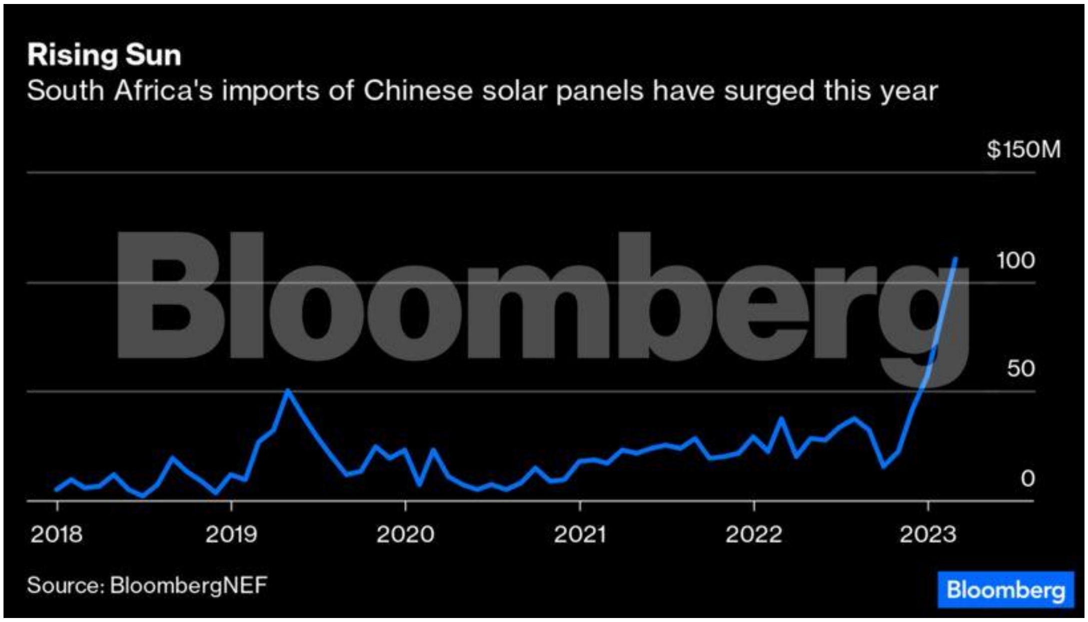
The decline and fall of government-owned utility Eskom Holdings SOC Ltd is a sign of everything that can go wrong in an electricity grid. Eskom generated nearly three-quarters of Africa's electricity south of the Sahara in the late 1990s, but years of corruption, mismanagement and meddling have reduced it to a husk. Last year, South Africans faced blackouts on more than 200 days. This year has been even worse, with just a single day when there wasn't a managed power cut somewhere in the country.

Through most of this, the government has seemed hell-bent on perpetuating the conditions that led it to this situation. From China to Brazil and India to Vietnam, developing countries that have left an open door to renewable power have found no shortage of demand to top up declining fossil-fired electricity.



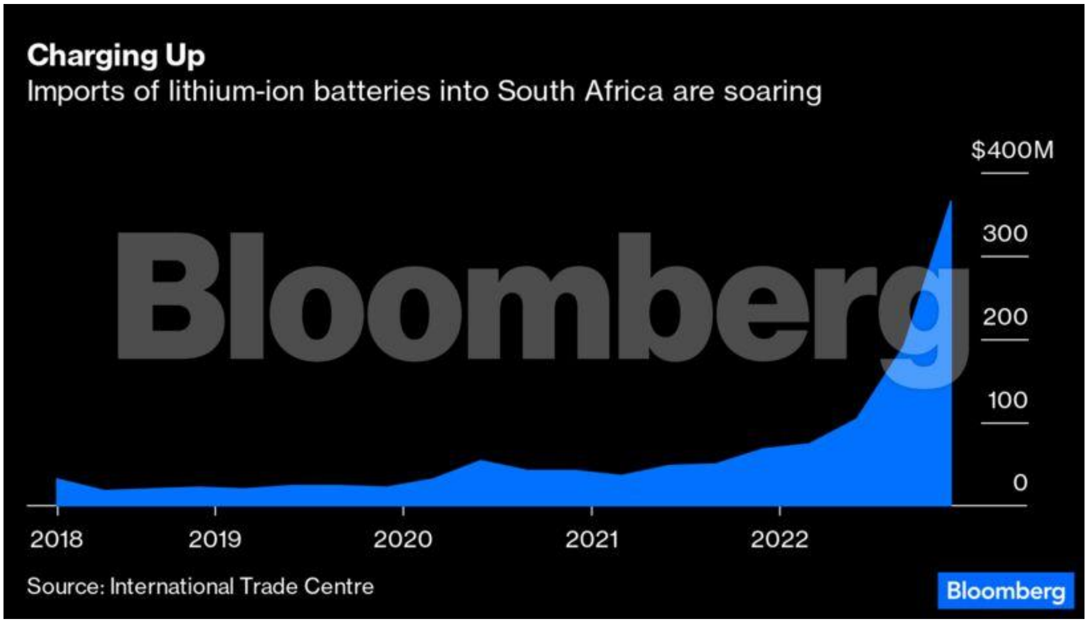
With some of the world's best resources for wind and solar, South Africa should be a member of that club. Instead, it's been left far behind, hobbled by Eskom's near-monopoly and treacherous politics, where President Cyril Ramaphosa's energy minister is a former mining union boss and coal advocate who's also chairman of the ruling African National Congress.

Necessity, however, has always been the mother of invention. As the nation's power system has descended deeper and deeper into crisis, some of the rules that had served to stymie renewables have been gradually abandoned as unaffordable luxuries. The result is the first evidence of a renaissance.



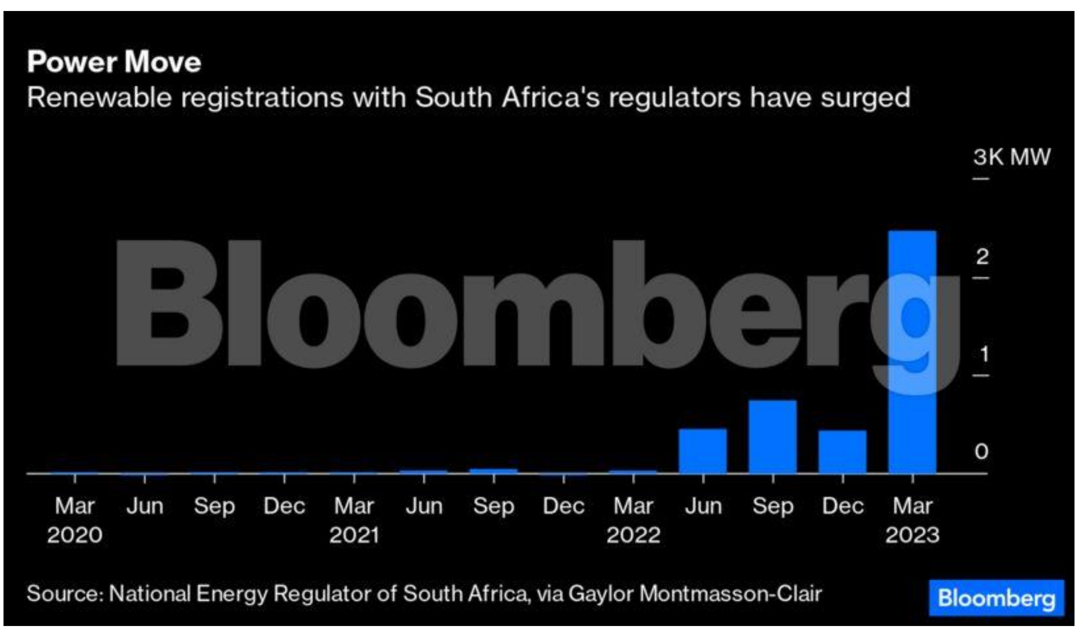
Take solar panels. In January, the government loosened local content requirements that had barred cheap imports from the market. Trade is exploding. In March alone, imports from China (the source of almost all of the world's exported panels) came to $110 million, more than in the whole of 2018, according to data compiled by BloombergNEF.

It's a similar story with lithium-ion batteries, used to back up grid and small-scale storage, as well as in electric vehicles. Imports in the fourth quarter of last year came to $365 million, more than in the three years through 2020 put together.



There’s also been a loosening of restrictions on building renewable power. A few years back, Eskom’s monopoly was imposing severe constraints on the ability of developers to get projects built. Businesses that wanted to produce their own electricity (rather than take their chances on the crumbling grid) needed to apply for generation licenses for any plants bigger than one megawatt, a cumbersome requirement that made it impossible to benefit from economies of scale.

Most new projects were also based on government capacity auctions where the main customer would always be Eskom. Corporate PPAs, the deals whereby power consumers contract directly with generators that have underpinned nearly 160 gigawatts of new renewables globally so far, were less used.



That's reversed as the breakdown of the grid has encouraged businesses to bypass Eskom's network altogether, or at least use it only as a transmission conduit from power plant to socket. Some 2.5 gigawatts of renewable projects were registered with the government regulator in the March quarter of this year alone, more than in the previous three years put together, according to Gaylor Montmasson-Clair, an economist at Trade & Industrial Policy Strategies, a local thinktank. About 60 percent of the 13 GW at pre-registration stage is for corporate PPAs, rather than the grid supply projects most dependent on Eskom.

South Africa's power problems are far from over. The ANC last month backed plans from the electricity minister to address the chronic power cuts by extending the lives of the sclerotic coal-fired furnaces that have been at the root of the problems — a decision that threatens the $8.5 billion international effort to accelerate its transition to clean energy. In South Africa, as elsewhere, fossil fuels are deeply entrenched in networks of power and influence that will work hard to stop it being rooted out.

Even so, there's a lesson in the recent renewables boom taking place in a country that's been a byword for counterproductive regulation. The basic engineering and economic advantages of clean energy are substantial, even before you consider the climate and health benefits. Where countries use red tape on permitting and imports to hold it back (as we're seeing in different ways in the US, European Union, India and other major markets), it's possible for dirty incumbent power to hold on long beyond its natural lifespan. Where the free market is unleashed to invest, however, the advantages of the energy transition become more unmistakable with each passing year. https://www.moneycontrol.com/news/opinion/a-state-owned-power-utilitys-failure-forced-south-africa-to-let-its-market-work-for-india-a-lesson-10545631.html

13. Fuel under GST: Fears of a revenue hit are exaggerated *(livemint.com)* May 05, 2023

With GST revenue on a sustained uptrend in India, this would be an opportune time to bring fuel under its ambit and correct the various economic problems this anomaly has been causing

GST revenue set another record this April, reaching ₹1.87 trillion, beating the mop-up of ₹1.67 trillion in April 2022. This increase in GST revenue reflects better compliance, besides higher economic activity. The best thing is that even in real terms, India's GST growth is 8%. With GST revenue reaching normalcy, isn't it an opportune time to bring oil under the GST regime?

It is commonly known that our oil import dependence is huge, which makes India vulnerable to crude price changes. In March 2022, the Indian basket's price hit $112.87 per barrel, and has come down since, reaching $79 at the end of April 2023. Currently, crude oil and petroleum products (including diesel, petrol, aviation turbine fuel and natural gas) are out of the GST purview; the Centre and states respectively levy excise duty and VAT on it. Oil is a major source of revenue for the government, with excise and custom duty on it forming 29% of the Centre's total indirect tax mop-up. Meanwhile, states earn an average 13% of their own tax revenues from sales tax/VAT on these hydrocarbon products.

States in India have their own tax structure with each levying a combination of ad valorem tax, cess, extra VAT/surcharge based on their needs. These taxes are imposed after considering the crude oil price, transportation charges, dealer commissions and the flat excise duty imposed by the Centre. Multiple taxes have made petroleum and oil product prices in India among the world's highest. Since the crude price is considered by states, it often means international spikes get passed on, which contributes to higher inflation.

We could adopt a simple structure for oil pricing under which our domestic petrol price is linked to crude oil (Indian basket) in a way that it retails at a rupee figure ₹5-6 per litre higher than the crude price (in dollars per barrel), while diesel could be kept at par with crude oil. For instance, if crude oil is for $80 per barrel, then our uniform petrol price be ₹85-86 per litre. Further, we could place a cap of ₹100 per litre on petrol prices. Meanwhile, diesel prices could be pegged ₹5-6 lower than petrol prices. This can be worked out by the government by adjusting the cess amount on diesel and petrol.

Accordingly, we propose simple model for bringing oil under GST. We consider the GST rate of 28% for the highest bracket (Centre: 14%, state: 14%). Additionally, we impose a flat cess of ₹24 for petrol and ₹16 for diesel, with an equal division between the Centre and states. Other assumptions are Indian-basket crude at an average of $85 per barrel, the US dollar at ₹84 and current transport and dealer commissions. We used 2023-24 consumption estimates by the oil ministry's Petroleum Planning and Analysis Cell and applied proportional shares for various states.

Our calculations show that if crude were to average $85, then moving oil to GST would cause a total revenue loss of ₹1.3 trillion (₹71,000 crore for the Centre and ₹61,000 crore for states). But if oil drops to $70, the loss would rise proportionally. Given our base case with crude at $85, the estimated petrol price is ₹91 a litre and diesel ₹86 per litre. This indicates that the price of petrol can fall by ₹15 per litre and diesel by ₹8 per litre, for instance, in Mumbai.

If we look at India's 10 major states, the gap between calculated GST revenue and VAT revenue from oil in 2023-24 (based on the share of total sales tax/VAT collected from these products in 2021-22) shows that the loss in revenue would vary between ₹300 crore and ₹11,000 crore for these states, with some like Haryana and Karnataka even benefitting from shifting oil to a GST regime.

However, revenue losses could also be grossly exaggerated. For example, in 2022-23, estimates of GST collection for the Centre were revised upwards by ₹74,000 crore from the Budget Estimate; accordingly, the states also revised their CGST estimates upwards by around ₹27,000 crore. Meanwhile, the monthly average GST mop-up has risen from ₹1.2 trillion in 2021-22 to ₹1.5 trillion in 2022-23. Thus the estimated loss in revenue of ₹1.3 trillion in the base case scenario could be significantly outstripped by revenue buoyancy under GST. In 2023-24, if the monthly GST collection increases further than around ₹1.75-1.8 trillion owing to better compliance, it is likely to compensate states for revenue losses caused by shifting to GST.

Our analysis clearly shows that potential losses from bringing oil under GST have been grossly overstated. Also, some of the loss in revenue would be offset by an increase in consumption due to lower prices. The only thing that states would miss is their power to fix VAT rates on fuel in isolation. Once we shift oil to GST, we will also face the issue of adjustment of input tax credits of ₹20,000 crore that the Centre may have to forgo.

However, it should be emphasized that GST on oil is a pending reform and it should now be implemented, as it offers the advantage of bringing uniformity in the country's tax structure. All considered, the benefits of bringing fuel under GST far outstrip those of keeping it outside its ambit. For the record, even if we assume a hypothetical ₹1.3 trillion exaggerated loss, it is barely 0.4% of GDP that the government would have to eschew.

Lastly, some food for thought. Perhaps the government should also contemplate the option of linking fuel refills to Aadhaar cards or car registration numbers, so that fuel subsidies if any can be targeted at beneficiaries on the basis of usage or income levels. https://www.livemint.com/opinion/columns/bringing-oil-under-gst-benefits-outweigh-losses-time-for-reform-sbi-economists-11683226448191.html

14. Over Rs 100-cr corruption linked to deal: Kerala Opposition leader Satheesan on AI camera scam *(newindianexpress.com)* May 07, 2023

KOCHI: Intensifying his attack against Chief Minister Pinarayi Vijayan and the state government, Leader of Opposition V D Satheesan has alleged that the corruption linked to the acquisition and setting up of AI cameras under the Safe Kerala project would surpass Rs 100 crore.

Satheesan alleged that Prakash Babu, the father-in-law of CM's son, had attended a meeting of the consortium of companies for the project. "He even termed it a 'dream project' while speaking at the meeting," said Satheesan.

He said the commercial proposal of Rs 57 crore submitted by Trois, one of the companies enlisted for technical support for the Safe Kerala project, was higher than the market rate. "Besides, the system proposed was outdated. The entire system, including the cameras, control room, annual maintenance, and furniture, would cost not more than Rs 45 crore. However, the tender was awarded for Rs 151 crore. Hence, there is corruption to the tune of more than Rs 100 crore in the project," Satheesan said.

At a press conference at the party district headquarters in Kochi on Saturday, Satheesan said the owner of Presadio Technologies Pvt Ltd, a company that won the sub-contract of the project, had not denied claims regarding the presence of Prakash Babu at the meeting. Responding to the claims of Industries Minister P Rajeeve in this regard, Satheesan said if an inquiry by an appropriate agency is ordered, he will produce evidence to prove that Prakash Babu had attended the meeting.

"I challenge the government to tell the truth whether any of the companies that withdrew from the consortium later approached Prakash Babu to get their investments back," Satheesa said.

Satheesan stands firm on judicial probe

Satheesan alleged that Al Hind, a company that was ousted from the contract had written to the Industries Principal Secretary on October 23, 2021, about the alleged lack of transparency in the project.

"Hence, any probe by the industries department into the corruption would not yield any result.

Though the industries minister and industries department secretary are not involved in the corruption, they were aware of the rates and remained silent as the CM's office was behind the entire operations," he said.

SRIT, another company involved in the project, received 6% commission of the entire cost.

SRIT was awarded the contract of the AI camera project flouting all norms and the question as to why the government has not been taking any action against this company is now relevant, he said.

Satheesan reiterated his demand for a comprehensive judicial inquiry into the scam. https://www.newindianexpress.com/states/kerala/2023/may/07/over-rs-100-cr-corruption-linked-to-deal-kerala-opposition-leader-satheesan-onai-camera-scam-2572774.html

15. Mumbai: Why isn't the state government recovering ₹40,000 crore from builders? *(freepressjournal.in)* May 05, 2023

On May 16, the Supreme Court will have a final hearing in the Special Leave Petition (SLP) filed by the Maharashtra Housing and Area Development Authority (MHADA) to recover ₹40,000 crore from several developers in Mumbai.

The SLP was filed by MHADA challenging the Bombay High Court's order in the Public Interest Litigation (PIL) filed by activist Kamlakar Shenoy. The PIL pertains to alleged "unholy nexus between the defaulting developers and the officials of MHADA that caused and resulted in unlawful losses to the state's exchequer to the tune of ₹40,000 crores by virtue of defaulting builders not surrendering surplus area of approximately 1.37 lakh sq. mtrs or 30 lakhs sq. ft saleable area, which otherwise is exclusive property of the state as per the terms laid out in the Development Control Regulation 33(7) Scheme of the Maharashtra government."

Challenging the appeal of Chief Executive Officer of MHADA, activist Shenoy in his reply has argued that though the fact of the loss of ₹40,000 Crore was well within the knowledge of MHADA officials, nothing has been done since the last over 30 years against the defaulting developers intentionally by MHADA officials. MHADA has failed to protect its own interest and that of the state government, he alleged.

Wilful acts of omission and commission by MHADA officials: petitioner

Shenoy has claimed that wilful acts of omission and commission on the part of MHADA officials has not only caused wrongful loss to the state but also wrongful gain to the developers. It is the mandatory duty of MHADA officials to recover the surplus area tenements. However, instead of recovering the surplus area tenements with interest from the developers, all the efforts have been made to shield and protect the developers and MHADA officials since 1991.

As per the submissions that were made to the Bombay High Court, Shenoy had pointed out that the developer while undertaking redevelopment of cessed buildings in Mumbai City should surrender surplus constructed area to Mumbai Buildings Repair and Reconstruction Board, an arm of MHADA, before it gives a no objection certificate to the civic body to issue Occupation Certificate to the rehabilitated building, which shall thereafter be occupied by original occupants of the old building. However, during all these over three decades, this is getting blatantly violated.

ACB had sought permission to probe in 2018

In fact, in 2018, the Anti-Corruption Bureau had sought permission of the home department to conduct a detailed enquiry against the developers in the 272 projects who did not surrender the surplus area and also inquire against against MHADA officials who did not take efforts to recover the same. But, the home department did not give permission.

If such surrender is not done, the rules declare such completed projects to be termed as “illegal”.
https://www.freepressjournal.in/mumbai/mumbai-why-isnt-the-state-government-recovering-40000-crore-from-builders

16. Rs 3 crore training kits bought for ITIs under lens over price escalation *(timesofindia.indiatimes.com)* May 08, 2023

MUMBAI: Equipment purc-hased for Industrial Training Institutes (ITIs) under the World Bank scheme have come under the lens after the government received complain-ts of highly inflated procurement prices by the state vocational training department.

Of the Rs 3.3 crore purchases, 21 training kits for solar power panels saw the highest price rise in the past four years, if one were to go by the order placed by the state’s vocational education department. A kit purchased in 2017-18 for nearly Rs 1.2 lakh was bought for Rs 4.5 lakh in 2021-22, a cost escalation of 290%. Also, each of the 16 LED TV training kits for aspiring television mechanics bought in the same time frame went up from Rs 32,000 to Rs 82,500.

When contacted, the director of vocational education and training D A Dalvi told TOI that the department had followed all processes that were put in place before the procurement.

The Rs 2,200-crore Skills Strengthening for Industrial Value Enhancement (STRIVE) project is a World Bank assistedGovernment of India project to improve the relevance and efficiency of skills training provided through ITIs and apprenticeships.

The complaint filed in Mantralaya enlists the product specification of the purchases made in 2017-18 and 2021-22 and concludes that the exact same products with the same features were bought. “LED TV and solar training kits are required for practical use at ITIs. Both these items are purchased in 2021-22 at huge cost escalation as compared to 2017-18 without any deviation in specifications," read the complaint. The purchases also included 53 sensor training kits, 37 mobile phone training kits, and 28 LCD TV training kits.

Dalvi explained that once the need for a specific item is identified, an expert committee, comprising ITI principals and faculty, finalises the specifications of the product, obtains the market rate and compares the same with earlier purchases. "We then get quotes from probable suppliers and set a quote. Once the tender is floated, only suppliers who quote a price of +10% or -20% of the budget rate are awarded the tender," he said. But, the reason for the cost escalation, Dalvi said, "is that the current purchases come with an annual maintena-nce contract of five years as prescribed by the World Bank, while the items bought in 2017-18 only had a year's warranty." He said the cost of electronics had also increased after China opened post-Covid pandemic. https://timesofindia.indiatimes.com/city/mumbai/3cr-training-kits-bought-for-itis-under-lens-over-price-escalation/articleshow/100060935.cms