NEWS ITEMS ON CAG/ AUDIT REPORTS (18.03.2023 to 20.03.2023)

1. SAI20 a beacon of success in audit collaboration: CAG Girish Murmu *(aninews.in, theprint.in)* Suchitra Mukherjee | 19 March, 2023

Among the most important verticals being planned for the G20 meetings that are being presided over by India is the sphere of audit which is seen as a neutral sector that is devoid of the trappings of geopolitical strategic positioning, Comptroller and Auditor General Girish Chandra Murmu said.

Attended by senior officials of the Supreme Audit Institutions (SAI) of the G20 nations, the preliminary one was held for three days in Guwahati from March 13-15 while the final G20 auditors' summit will be held in Goa in June.

Asked about whether the Guwahati event went as planned, CAG Murmu told ANI: "SAI20 has been a beacon of success in promoting collaboration and support among its member nations. The cooperative spirit among all participants continues to thrive, evident from their enthusiastic participation and deliberations."

"The discussions on priority issues of Blue Economy and Responsible Artificial Intelligence further highlight their shared determination to achieve common goals", he added.

The year 2023 is a very important year for India as it has assumed the presidency of both the Shanghai Cooperation Organization (SCO) and the G20.

"Through the SAI20 Initiative, professionals from different countries are provided a common ground to combine their expertise and develop innovative solutions to address common governance challenges," said CAG Murmu.

"The SAI20 platform remains a testament to the power of international cooperation and serves as a shining example of what can be achieved when we work together towards a shared vision," the national auditor said.

Recently, Murmu was selected as the external auditor of ILO (International Labour Organization), Geneva, for a four-year term from 2024 to 2027.

The India CAG is also the external auditor of the World Health Organization (2020-2023), Food and Agriculture Organization (2020-2025), International

Atomic Energy Agency (2022-2027), Organization for Prohibition of Chemical Weapons (2021-2023) and Inter-Parliamentary Union (2020-2022).

Besides being a member of the UN Panel of External Auditors, India's CAG is also a member of the Governing Boards of the International Organization of Supreme Audit Institutions (INTOSAI) and ASOSAI. https://www.aninews.in/news/national/general-news/sai20-a-beacon-of-success-in-audit-collaboration-cag-girish-murmu20230319103912/

2. **पुरानी पेंशन स्कीम पर फैसला राज्यों का, हमारी भूमिका सिर्फ स्थिति बताने की: सीएजी** *(jagran.com)* 17 Mar 2023

राजस्थान, छत्तीसगढ़, पंजाब और हिमाचल प्रदेश में पुरानी पेंशन स्कीम लागू करने के बाद अब कई राज्यों में राजनीतिक दल ओपीएस को एक बड़ा चुनावी मुद्दा बनाने की तैयारी में है।

वहीं, केंद्रीय वित्त मंत्रालय और तकरीबन तमाम बड़े अर्थ विद व आर्थिक एजेंसियां साफ कह रही हैं कि राज्यों की वित्तीय स्थिति ओपीएस के बोझ को वहन करने में सक्षम नहीं होंगी।

ऐसे में केंद्र व राज्यों के हिसाब-किताब व आर्थिक स्थिति का आकलन करने व रिपोर्ट तैयार करने वाली संवैधानिक एजेंसी नियंत्रक व महालेखा-परीक्षक (सीएजी) का कहना है कि उसकी भूमिका सिर्फ राज्यों को उनकी वित्तीय स्थिति के बारे में आईना दिखाना है, नीतियों को लागू करना या नहीं करना इन राज्यों के हाथ में है।

भारत के नियंत्रक व महालेखा-परीक्षक गिरीश चंद्र मुर्मु ने दैनिक जागरण के साथ एक बातचीत में केंद्र व राज्यों की एजेंसियों की तरफ से समय पर सीएजी की रिपोर्ट पर सदन-पटल पर नहीं रखने पर चिंता भी जताई।

मुर्मु से जब यह पूछा गया कि क्या राज्यों की वित्तीय सेहत ओपीएस को लागू करने की इजाजत देती है, तो उन्होंने कहा कि हम अलग-अलग राज्यों को यह बताते हैं कि उनके राजकोषीय घाटे, राजस्व घाटे की स्थिति क्या है, कितनी सब्सिडी देनी है और उनके पास कितना अतिरिक्त फंड बचा है, ताकि वो नई स्कीम लागू कर सके। यह सब बातें हमारी रिपोर्टों में होती है।

उन्होंने कहा कि राजकोषीय उत्तरदायित्व और बजट प्रबंधन अधिनियम (FRBM) के तहत सीएजी इन दोनों की वित्तीय स्थिति के आकलन के आधार पर चेतावनी भी देती है। बाकी ओपीसी या एनपीएस (नई पेंशन स्कीम) को लागू करने जैसे फैसले, तो इन सरकारों को ही करना है।

इस माह के अंत तक जारी होंगी कई राज्यों की रिपोर्ट
सीएजी मुर्मु ने यह बातें तब बताई है जब उनकी एजेंसी कई राज्यों की वित्तीय स्थिति पर ताजी रिपोर्ट रिलीज करने की तैयारी में हैं। इस महीने के अंत तक कई राज्यों की रिपोर्टें जारी होंगी जिसमें राजस्थान, छत्तीसगढ़ भी शामिल है।

हाल ही में पंजाब जहां पिछले वर्ष आम आदमी पार्टी की सरकार ने जीत हासिल करने के बाद नई पेंशन स्कीम की जगह पुरानी पेंशन स्कीम लागू की है, पर विस्तृत रिपोर्ट जारी की है। सीएजी ने पंजाब की वित्तीय स्थिति पर काफी चिंता जताते हुए कहा है कि राज्य पर कुल कर्ज 2,61,281 करोड़ रुपये का है, जो राज्य के कुल इकोनोमी के आकार का 44.74 फीसद है।

राज्य पर ब्याज का बोझ बढ़ता जा रहा है और वर्ष 2021-22 में कुल राजस्व का 25.08 फीसद ब्याज अदाएगी में जा रहा है। वैसे ओपीएस लागू करने का बोझ मौजूदा सरकार को नहीं उठाना होगा लेकिन अगर राज्य की वित्तीय स्थिति ऐसी ही रही तो भविष्य की सरकार की मुश्किलें बढ़ेंगी। राजस्थान व छत्तीसगढ़ की रिपोर्ट सामने आने पर पता चलेगा कि उनकी कैसी वित्तीय स्थिति है। https://www.jagran.com/news/national-states-decide-on-ops-our-role-is-only-to-tell-the-situation-says-cag-23359360.html

3. FAME-II Subsidy Misappropriation: CAG Auditing Books of Two-Wheeler EV Makers *(inc42.com)* 19 Mar 2023

-The CAG is examining if OEMs claimed subsidies under FAME-II scheme without meeting minimum localisation mandates

-The audit will reportedly be based on the formula for domestic value addition as defined by the Ministry of Heavy Industries

-Apart from a probe, the Centre has also suspended disbursal of INR 1,300-1,400 Cr worth of incentives to two-wheeler OEMs

The Centre has intensified its probe into the misappropriation of subsidies by electric vehicle (EV) manufacturers, and the Comptroller and Auditor General

(CAG) is now reportedly auditing the books of the two-wheeler original equipment manufacturers (OEMs).

The CAG is examining the claims of OEMs to establish whether these players claimed subsidies under the second phase of the Faster Adoption and Manufacturing of Electric Vehicles in India (FAME-II) scheme without meeting minimum localisation mandates.

"The intent of the audit is to ascertain if the claims made were genuine… The automotive supply chain is complex. The CAG is auditing accounts submitted to establish whether the companies who had applied for the incentives under FAME-II were violating specified localisation norms," a source told The Economic Times.

As per government officials, the audit will reportedly be based on the formula for domestic value addition as defined by the Ministry of Heavy Industries (MHI). Another industry executive added that the government opined that the entire value chain had to be evaluated to determine the localisation of components.

Violation of Localisation Norms

At the heart of the matter is the FAME scheme, which was first announced in 2015, to spur the adoption of EVs in the country. With the MHI as the nodal body, the first phase of the scheme ran for four years until 2019.

The second phase was launched with a budget outlay of INR 10,000 Cr and this is where the problems began. After reports emerged that many OEMs allegedly claimed subsidies without adhering to localisation norms, the Centre launched an investigation into the matter and suspended disbursal of INR 1,300-1,400 Cr worth of incentives to two-wheeler OEMs under the scheme.

While players such as Hero Electric, Okinawa Autotech, Ampere Vehicles, and Revolt have directly come under the scanner for misappropriation allegation, other players such as Ola Electric, Ather Energy and TVS Motor have also been the subject of a probe over allegations that these players artificially priced their products lower to claim subsidies.

The government also tasked the public sector NBFC IFCI and consultancy firm EY to suggest steps to streamline the scheme.

The Centre also summoned executives of top two-wheeler EV OEMs in connection with the probe involving recent whistleblower allegations over mispricing of EVs under the FAME-II scheme.

The latest development comes weeks after it was reported that the Centre was looking at scrapping the FAME-II scheme altogether post the expiration of its deadline in FY24. The government is also said to have opined that it would rather route the subsidies through production linked incentive (PLI) scheme for automobiles and auto components. It was also reported that the government was considering making norms easier for automakers, including EV OEMs to avail benefits under the PLI scheme.

The government recently informed the Parliament that more than 21.7 Lakh registered EVs plied on the Indian roads, led by Uttar Pradesh, which accounted for 4.65 Lakh EV registrations. It was followed by Maharashtra with 2.26 Lakh EVs. https://inc42.com/buzz/fame-ii-subsidy-misappropriation-cag-auditing-books-of-two-wheeler-ev-makers/

4. Northeast India's largest coal mine went to a company that violated bidding rules *(newslaundry.com)* 17 Mar 2023

On March 2, Coal Pulz Private Ltd, a private company registered in October 2020, won the bid for the Namchik Namphuk coal mine in Arunachal Pradesh. With nearly 15 million tonnes of geological coal reserves, Namchik Namphuk is the largest commercial coal mine in northeast India, producing one of the finest qualities – Grade 4-5 – of coal.

But Coal Pulz's win is now shrouded in controversy.

First, it's linked to a company that is being investigated by the Central Bureau of Investigation for alleged irregularities in supply of coal.

Second, there is evidence that it violated the union coal ministry's bidding rules.

In 2022, the same mine had been auctioned and the winning bid went to a company called Platinum Alloys Private Ltd. It defaulted in paying the government its dues so the mine was auctioned again.

Platinum Alloys participated in the second bid too. Coal Pulz won. But it also has links to Platinum Alloys, which violates the standard tender rule barring affiliated companies from bidding on the same mine.

Here’s what we found.

A web of controversy

Namchik Namphuk was auctioned in November along with 28 other coal mines in what the government called “the biggest tranche of auction of commercial coal mines”.

Coal Pulz was one of six companies that participated in the bid for commercial mining of Namchik Namphuk. The other five were Assam Mineral Development Corporation Ltd, Platinum Alloys Private Ltd, Arunachal Pradesh Power Corporation Private Ltd, Prachi Infra & Roads Private Ltd, and Start Cement.

The auctions witnessed “strong competition with a lot of first-time bidders in this round”, the coal ministry said in a press release. “This also signify that the reforms brought in by the government in the coal sector through the introduction of commercial coal mining have been well received by the industry.”

On the same day, Economic Times reported that a “consortium” of Satyam Group and Mahalaxmi Group – “two major industrial groups of eastern India” – had “won the auction” for Namchik Namphuk.

Coal Pulz is part of the Mahalaxmi Group, as the latter’s executive director, Sanjay Kedia confirmed to Newslaundry.

The Mahalaxmi Group has been a constant donor to the BJP, featuring 19 times in the party’s donor list for 2021-22 and donating a total of Rs 7,45,01,000 through its group of companies. Its group company, Mahalaxmi Continental Private Ltd, featured six times in the same list donating over Rs 2 crore.

Mahalaxmi Continental was named in two cases over alleged coal-related irregularities. The CBI filed its chargesheets in the cases in 2012 and 2016, respectively. The first case named the company and its director Naveen Kumar Gupta for allegedly selling Coal India-allotted coal in the open market instead of to stipulated beneficiaries. The second case was related to irregularities in the purchase of coal for the Cachar paper mill in Assam's Hailakandi district. Both cases are still being investigated.

Now, what about its consortium member Satyam Group?

Satyam Group has direct and indirect ties with Platinum Alloys, which won the bid in 2022 and participated again in the bidding for 2023. At least four of Satyam Group's directors hold shares in Platinum Alloys through various shell companies.

Satyam Group's chairman Ratan Sharma was a director at Platinum Alloys from 2009 to 2013. During this period, he was also a director and largest shareholder – holding 43.5 percent – of National Mining Company Private Ltd. In 2014, National Mining's contract with Arunachal Pradesh Mineral Trading & Development Corporation Ltd, to extract and sell coal from Namchik Namphuk, was deemed "illegal" by the Supreme Court.

We'll discuss this in detail later in the report.

At present, Ratan Sharma does not hold direct shares in Platinum Alloys. But he holds 15,500 shares at SMS Smelters Private Ltd, which is a majority shareholder – 69.6 percent – of Platinum Alloys.

Four personnel at Satyam Group – directors Harsh Sharma and Kamal Sharma, managing director Suresh Sharma, and senior executive Shyam Sunder Latta – own shares of Nishu Leasing and Finance Ltd, a 19.6 percent shareholder of Platinum Alloys.

Platinum Alloys's other directors include Rama Sharma, who is also director of a company called Satyaratan Group Ltd. Satyaratan Group's directors are Latta and Mamta Sharma. Mamta Sharma is also a director of the Ratan Sharma-owned National Mining Company Ltd.

Clause 4.1.4 of the coal ministry's standard tender document clearly says a bidder can submit only one bid for a particular coal mine. "In case an affiliate(s) of a bidder also submits a bid for the said coal mine, the bids submitted by both the bidder and its affiliate(s) shall be rejected."

Newslaundry contacted the coal ministry for comment. At least two officials said they were not authorised to speak to the media and so could not speak on the record.

One official said allowing Platinum Alloys to bid in 2023 despite being a defaulter did not violate tender rules. Another said the coal ministry had checked the directors of companies before the bidding but did not find any connections between Platinum Alloys and Coal Pulz.

‘Anomalies’ flagged by CAG

The other irregularities at play involve Ratan Sharma. He’s an old business acquaintance of Arunachal Pradesh chief minister Pema Khandu. Both were directors of a now struck-off company, Selatawang Hotel Private Limited, in 2009.

Before the resumption of operations in 2022, the last coal extraction exercise in Namchik Namphuk coal mine took place between 2007 and 2012. At the time, the central government allotted the mine to the state-owned Arunachal Pradesh Mineral Trading & Development Corporation Ltd.

APMTDCL then engaged National Mining Company Private Ltd as a contractor for the extraction and sale of coal in Namchik Namphuk coal mine for five years, from 2007 to 2012. National Mining was started in 2002 and is registered in Shillong, though company documents also list an address in Guwahati. As reported earlier, Ratan Sharma holds 43.5 percent shares.

During these five years, APMTDCL through National Mining extracted over 10,00,000 metric tonnes of coal from the mine until 2012, when operations were suspended on suspicions of “insurgents” mining coal in the area.

In 2012, the comptroller and auditor general of India filed an audit report highlighting “gross anomalies” in the allocation of coal blocks since 1993. The report estimated financial gains of Rs 1.83 lakh crore to private coal block allottees due to the lack of competitive bidding in the allocation.

So, in 2014, the Supreme Court declared 204 coal block allocations made from 1993 to 2011 as “illegal” and “arbitrary”. This included the Namchik Namphuk mine.

Based on the CAG report, the Supreme Court imposed a levy of Rs 299 per metric tonne of coal on allottees. APMTDCL, as the original allottee of Namchik Namphuk, was imposed a levy of Rs 32 crore.

This amount would later be paid from the public exchequer when the Pema Khandu-led state government announced an interest-free loan of Rs 32 crore to

APMTDCL in its 2019-20 budget to "revive" the Namchik Namphuk coal field. An FIR was later filed against the Arunachal government for leveraging National Mining by paying the amount from the public exchequer.

The FIR, filed on the basis of a complaint from advocate Kaku Potom, alleged that as per the clause 13 of the articles of the agreement between National Mining and APMDTCL and the work order awarded to NMCL, the contractor or NMCL was liable to pay all taxes, levies and additional levies and duties, etc.

The CAG flagged another anomaly related to coal pricing at Namchik Namphuk in a report in 2017. National Mining was only permitted to sell and extract coal at the price fixed by APMTDCL, which in turn would fix the price on the basis of sale prices notified by Coal India Ltd.

But the CAG said National Mining was selling coal "at a much lower rate" than the revised rates notified by Coal India Ltd, since APMDTCL was not implementing the revised rates on time.

For instance, Coal India revised the sale price of coal from January 1 onwards in 2012. This was only implemented by APMDTCL from January 11, 2013. This 11-month delay cost the public exchequer Rs 31 crore against the sale of 1,55,677 metric tonnes of coal between January 1 and May 19, 2012.

National Mining blamed APMDTCL for the delay in notifying the revised prices and therefore refused to pay the amount of Rs 31.57 crore. Instead, it agreed to pay only Rs 11.69 crore against the sale of 54,640 metric tonnes of coal from April 4 to May 19, 2012. A five-member committee investigated the issue and ruled in favour of National Mining, recommending that the remaining Rs 19.88 crore be foregone.
https://www.newslaundry.com/2023/03/17/northeast-indias-largest-coal-mine-went-to-a-company-that-violated-bidding-rules

5. India's University Rankings: Why Are Doubts Being Raised Over NAAC Grades? *(thequint.com)* March 18, 2023

Within a matter of weeks, two big developments pertaining to the National Assessment and Accreditation Council (NAAC) – an autonomous body under the University Grants Commission (UGC) – have put it in the eye of a storm.

The council – which assesses the quality of India's higher educational institutions (HEIs) and awards grades to them – first faced allegations of irregularities by

Bhushan Patwardhan, chairperson of NAAC’s executive committee. After repeatedly demanding an independent probe into the functioning of the NAAC, Patwardhan resigned on 5 March.

Close on the heels of Patwardhan's resignation, the Comptroller and Auditor General of India (CAG) found irregularities in the grading process.

So, why does the grading process matter? What are the allegations against the NAAC? And what happens next?

What Does NAAC Grading Mean for Institutes?

The NAAC, which was set up in 1994, follows a multi-layered assessment process following which it awards grades to colleges and universities. The grades issued by NAAC range from A++ to C. If an institution/centre is graded D, it means it is not accredited.

According to Dr John Joseph Kennedy, the dean of Christ University's School of Arts and Humanities in Bengaluru, the grading has a lot to do with public perception.

"If NAAC downgrades the ranking of an institute, say, from A++ to B, the public will automatically think that the quality of the institution has gone down. While these things may not matter much for established institutions like Jamia Millia Islamia or Jawaharlal Nehru University as they already have a big name, for smaller institutions, it matters a lot," he told The Quint.

As per the NAAC's website, an important requirement for the assessment and accreditation (A&A) process is that the HEI has to have a record of at least two batches of students who have graduated from the institute, or must have been been in existence for six years, or whichever is earlier.

Institutes that pass this bar are then expected to submit a quality assessment application, based on which the NAAC determines if a college or university is eligible for A&A.

This process is a must for all HEIs, and the fees for these applications can be upwards of Rs 6.5 lakh, according to Business Standard. The NAAC then sets the process in motion. The applicant has to submit a self-study report containing information related to quantitative and qualitative metrics.

The data is then validated by expert teams of the NAAC, followed by spot visits by peer teams comprising assessors from universities across India. Seven criteria – including research and innovation, infrastructure, student support, governance, and others – serve as the basis of the assessment.

So, What Are the Lapses?

Almost a year after he took charge as chairman, Bhushan Patwardhan, in February 2023, said in his letter of intent to resign, that he had previously raised concerns about the possibility of "vested interests, malpractices, and nexus among the individuals involved" in the grading process, thereby enabling manipulation of verification processes and peer team visit processes.

That had led to the "awarding of questionable grades" by the NAAC, he alleged.

Talking about the need for a proper mechanism to be put in place, where experts are chosen as part of a team that evaluates an institute, Dr Kennedy told The Quint, "From our own experience, we learnt that some members of the team who had come to evaluate our institute were first-timers."

Patwardhan claimed that he had raised the issue with UGC chairman M Jagadesh Kumar in September 2022, based on his own experiences as well as the findings of an enquiry that he had commissioned after taking charge.

He had also proposed an independent probe by high-level agencies into the state of affairs at NAAC.

"But all in vain. Moreover, my communications with you during the last couple of months seem to have been conveniently ignored, " he added in his letter of intent to resign.

Kumar appointed former All India Council for Technical Education (AICTE) chairperson Anil D Sahasrabudhe to replace Patwardhan.

Patwardhan, however, protested the decision, saying his intent to resign was misconstrued as his final resignation letter. However, on 5 March, he resigned, citing self-respect and the need to “safeguard the sanctity” of the NAAC.

What Were the Findings of the Enquiry Panel Set Up by Patwardhan?

JP Singh Joorel, director of Information and Library Network, another UGC centre, served as the chairman of the enquiry committee that Patwardhan had set up.

It concluded that there were several irregularities in the NAAC's accreditation procedure. Initially, the council's IT system was discovered to be “compromised”. The panel stated that assessors were also assigned “arbitrarily”, and that these procedures might lead to conflicts of interest, according to The Indian Express.

The panel found that around 70 percent of the 4,000 assessors who make up the pool of specialists "have barely got the chance to visit sites while the remaining visited the sites many times."

One among the other flaws highlighted was individuals without authority having full access to the NAAC's internal system.

Despite a mandatory – and a highly complex and selective process – most HEIs in India don't even meet the required threshold to undergo the process.

Last month, Union Minister of State for Education Subhas Sarkar told the Lok Sabha that at least 695 universities and over 34,000 colleges across the country are operating without NAAC accreditation.

"As per information received from the UGC, out of the 1,113 universities and 43,796 colleges, NAAC has accredited 418 universities and 9,062 colleges," he said.

And What Issues Has CAG Flagged?

The CAG has found discrepancies in the inspections carried out by the NAAC which resulted in awarding inaccurate grades to several higher education institutions.

According to the notice sent by the CAG to NAAC, there were irregularities in the reports prepared by the expert panels which visited the institutes and in the final scores awarded.

It has also listed several instances of mismatch between the reports and marks awarded to the institutes.

The CAG pointed that the expert panel which visited an institute at Bellampalli in Telangana had mentioned in its report that waste was burnt on the premises, causing air pollution.

However, this institute received full marks for waste management, the national auditor added.

Similarly, the expert panel's report praised a college in Mumbai for becoming a plastic-free campus. However, this college was awarded one mark for waste management, the CAG noted.

What Has NAAC Said?
In response to the allegations, NAAC claimed that the accreditation procedures were transparent and proper.

Among other things, it claimed that out of the total pool of 4,686 active assessors, "3,075 assessors have accepted the peer team visit invitations, which is roughly around 67 percent of the database."

"As per the mandate of NAAC, the entire process of accreditation and assessment is robust, transparent, technology-driven and automated. The system cannot be compromised because the whole process is decentralised, transparent and accessible to the stakeholders through a user friendly portal...," it stated.

Reacting to the issues raised by CAG, NAAC said in a statement that the CAG report is still not considered final, as a compliance reply issued by the council director is still under consideration by the CAG.

"The office of the CAG has also suggested some changes which are also being incorporated, and a revised draft is under preparation," the statement read. https://www.thequint.com/explainers/naac-accused-of-irregularities-by-comptroller-auditor-general-and-bhushan-patwardhan#read-more

6. **Govt. sets accounting norm to recognise past errors** *(thehindu.com)* 17 Mar 2023

To check wrong accounting methods followed by most States to record adjustments for errors made in past years' accounts, the government has notified a new accounting standard for States, Union territories and the Union government on how to account for such prior period adjustments.

The standard, prescribed on the advice of the Comptroller Auditor General (CAG) of India, however, does not cover transactions such as payment of arrears arising due to increase in salaries or revision of pension or increase in dearness allowance as they cannot be attributed to errors or adjustments in government policies.

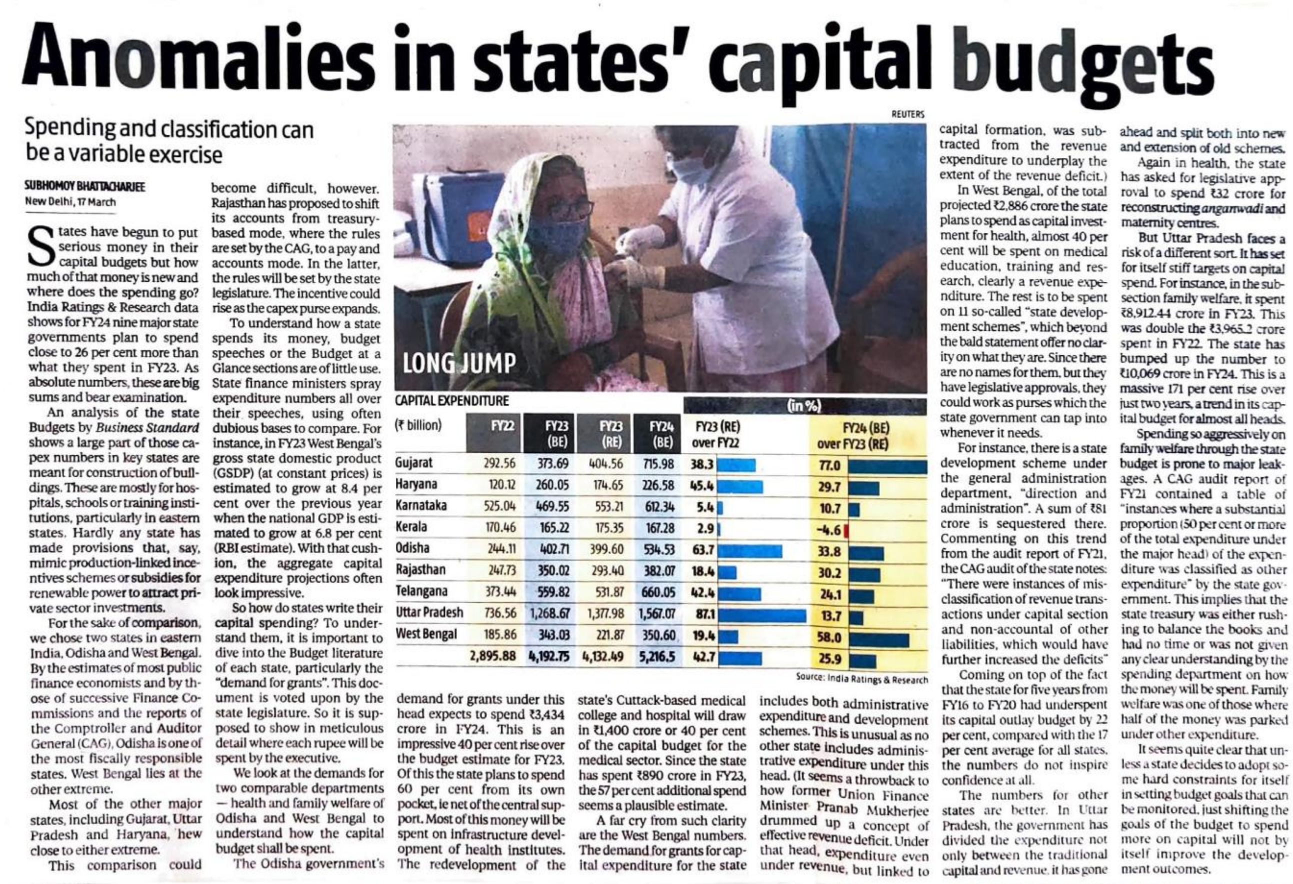
Under the cash system of accounting followed for government accounts, there are no rules for States for dealing with prior period adjustments to rectify errors and adjust financial statements for earlier years whose accounts have been closed.

"In a study of various Finance Accounts of States, it was observed that majority of the States are not taking cognizance of Prior Period Adjustments in their accounts or following a wrong practice of passing transfer entries to correct Prior Period Adjustments," the Finance Ministry said.

The new standard "not only aims to disclose such information which pertains to prior period errors but also covers entries requiring Prior Period Adjustments arising out of changes in government decisions which may impact current balances and progressive amounts during the earlier years for which accounts have been closed," it added.

The Ministry, which notified the new norm called the Indian Government Accounting Standards-4, has also stressed that defaults of loans and grants-in-aid shall not be included in its ambit. "It is only a process for rectification or adjustment of financial statements of prior periods," it said. https://www.thehindu.com/business/govt-sets-accounting-norm-to-recognise-past-errors/article66631917.ece

7. States' capital budgets: Spending, classification can be variable exercise *(business-standard.com)* 17 Mar 2023



Anomalies in states' capital budgets

Spending and classification can be a variable exercise

SUBHOMOY BHATTACHARJEE
New Delhi, 17 March

States have begun to put serious money in their capital budgets but how much of that money is new and where does the spending go? India Ratings & Research data shows for FY24 nine major state governments plan to spend close to 26 per cent more than what they spent in FY23. As absolute numbers, these are big sums and bear examination.

An analysis of the state Budgets by *Business Standard* shows a large part of those capex numbers in key states are meant for construction of buildings. These are mostly for hospitals, schools or training institutions, particularly in eastern states. Hardly any state has made provisions that, say, mimic production-linked incentives schemes or subsidies for renewable power to attract private sector investments.

For the sake of comparison, we chose two states in eastern India, Odisha and West Bengal. By the estimates of most public finance economists and by those of successive Finance Commissions and the reports of the Comptroller and Auditor General (CAG), Odisha is one of the most fiscally responsible states. West Bengal lies at the other extreme.

Most of the other major states, including Gujarat, Uttar Pradesh and Haryana, hew close to either extreme.

This comparison could become difficult, however. Rajasthan has proposed to shift its accounts from treasury-based mode, where the rules are set by the CAG, to a pay and accounts mode. In the latter, the rules will be set by the state legislature. The incentive could rise as the capex purse expands.

To understand how a state spends its money, budget speeches or the Budget at a Glance sections are of little use. State finance ministers spray expenditure numbers all over their speeches, using often dubious bases to compare. For instance, in FY23 West Bengal's gross state domestic product (GSDP) (at constant prices) is estimated to grow at 8.4 per cent over the previous year when the national GDP is estimated to grow at 6.8 per cent (RBI estimate). With that cushion, the aggregate capital expenditure projections often look impressive.

So how do states write their capital spending? To understand them, it is important to dive into the Budget literature of each state, particularly the "demand for grants". This document is voted upon by the state legislature. So it is supposed to show in meticulous detail where each rupee will be spent by the executive.

We look at the demands for two comparable departments — health and family welfare of Odisha and West Bengal to understand how the capital budget shall be spent.

The Odisha government's demand for grants under this head expects to spend ₹3,434 crore in FY24. This is an impressive 40 per cent rise over the budget estimate for FY23. Of this the state plans to spend 60 per cent from its own pocket, ie net of the central support. Most of this money will be spent on infrastructure development of health institutes. The redevelopment of the state's Cuttack-based medical college and hospital will draw in ₹1,400 crore or 40 per cent of the capital budget for the medical sector. Since the state has spent ₹890 crore in FY23, the 57 per cent additional spend seems a plausible estimate.

A far cry from such clarity are the West Bengal numbers. The demand for grants for capital expenditure for the state includes both administrative expenditure and development schemes. This is unusual as no other state includes administrative expenditure under this head. (It seems a throwback to how former Union Finance Minister Pranab Mukherjee drummed up a concept of effective revenue deficit. Under that head, expenditure even under revenue, but linked to capital formation, was subtracted from the revenue expenditure to underplay the extent of the revenue deficit.)

In West Bengal, of the total projected ₹2,886 crore the state plans to spend as capital investment for health, almost 40 per cent will be spent on medical education, training and research, clearly a revenue expenditure. The rest is to be spent on 11 so-called "state development schemes", which beyond the bald statement offer no clarity on what they are. Since there are no names for them, but they have legislative approvals, they could work as purses which the state government can tap into whenever it needs.

For instance, there is a state development scheme under the general administration department, "direction and administration". A sum of ₹81 crore is sequestered there. Commenting on this trend from the audit report of FY21, the CAG audit of the state notes: "There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have further increased the deficits"

Coming on top of the fact that the state for five years from FY16 to FY20 had underspent its capital outlay budget by 22 per cent, compared with the 17 per cent average for all states, the numbers do not inspire confidence at all.

The numbers for other states are better. In Uttar Pradesh, the government has divided the expenditure not only between the traditional capital and revenue, it has gone ahead and split both into new and extension of old schemes.

Again in health, the state has asked for legislative approval to spend ₹32 crore for reconstructing *anganwadi* and maternity centres.

But Uttar Pradesh faces a risk of a different sort. It has set for itself stiff targets on capital spend. For instance, in the sub-section family welfare, it spent ₹8,912.44 crore in FY23. This was double the ₹3,965.2 crore spent in FY22. The state has bumped up the number to ₹10,069 crore in FY24. This is a massive 171 per cent rise over just two years, a trend in its capital budget for almost all heads.

Spending so aggressively on family welfare through the state budget is prone to major leakages. A CAG audit report of FY21 contained a table of "instances where a substantial proportion (50 per cent or more of the total expenditure under the major head) of the expenditure was classified as other expenditure" by the state government. This implies that the state treasury was either rushing to balance the books and had no time or was not given any clear understanding by the spending department on how the money will be spent. Family welfare was one of those where half of the money was parked under other expenditure.

It seems quite clear that unless a state decides to adopt some hard constraints for itself in setting budget goals that can be monitored, just shifting the goals of the budget to spend more on capital will not by itself improve the development outcomes.

REUTERS

LONG JUMP

CAPITAL EXPENDITURE

(₹ billion)	FY22	FY23 (BE)	FY23 (RE)	FY24 (BE)	FY23 (RE) over FY22 (in %)	FY24 (BE) over FY23 (RE) (in %)
Gujarat	292.56	373.69	404.56	715.98	38.3	77.0
Haryana	120.12	260.05	174.65	226.58	45.4	29.7
Karnataka	525.04	469.55	553.21	612.34	5.4	10.7
Kerala	170.46	165.22	175.35	167.28	2.9	-4.6
Odisha	244.11	402.71	399.60	534.53	63.7	33.8
Rajasthan	247.73	350.02	293.40	382.07	18.4	30.2
Telangana	373.44	559.82	531.87	660.05	42.4	24.1
Uttar Pradesh	736.56	1,268.67	1,377.98	1,567.07	87.1	13.7
West Bengal	185.86	343.03	221.87	350.60	19.4	58.0
	2,895.88	4,192.75	4,132.49	5,216.5	42.7	25.9

Source: India Ratings & Research

https://www.business-standard.com/article/economy-policy/states-capital-budgets-spending-classification-can-be-variable-exercise-123031701000_1.html

8. Bengal: Centre to send teams to probe midday meal, MGNREGS irregularities *(telegraphindia.com)* 17 Mar 2023

Bengal is slated for yet another visit from central investigation teams in connection with its implementation of daily wage employment and midday meal schemes.

The Ministry of Rural Development has decided to send three teams of National Level Monitors (NLMs) to conduct a probe into complaints related to irregularities under MGNREGS while the Comptroller and Auditor General of India will also conduct a special audit of PM Poshan Mid Day Meal fund in West Bengal's 5 districts.

In a written order, the Rural Development ministry said, "The NLM has been advised to communicate well in advance with the concerned district officials about their plan with actual date and time of visit. The visit will begin with a meeting with the District Collector/CEO Zila Parishad/other district level officials implementing MGNREGS. The District Magistrate/District Collector/CEO Zila Parishad of the concerned district may be requested to spare sufficient time to interact with the team during their visit. The Nodal Officer dealing with NLM activities at the state level may kindly be instructed to coordinate with the district authorities."

Drawing the Centre's attention on the “PM Poshan (mid-day meal) scam in West Bengal”, Bengal Leader of Opposition Suvendu Adhikari had initially written to Union education minister Dharmendra Pradhan urging him to send a central audit team to probe alleged irregularities including “misappropriation of mid-day meal funds”. The cost of mid-day meals for the 11.6 million students of Bengal is shared by the Centre and state on a 60:40 basis.

Subsequently, the central government's decision to request a special audit of Bengal's implementation of PM Poshan scheme was met with an uproar from the Trinamul government. The Mamata Banerjee-led party claimed that the CAG is an autonomous body and the Centre has no business in setting the agenda or deciding the subjects that should be audited by the body. https://www.telegraphindia.com/west-bengal/bengal-centre-to-send-teams-to-probe-pm-poshan-midday-meal-scheme-mgnregs-irregularities/cid/1923232

9. How Adani is unearthing India’s buried sunshine *(telanganatoday.com)* 18 Mar 2023

The signs of how India bleeds to nourish Adani’s ever-growing business empire are visible in one way or the other. Last year, it was when the union Coal Ministry, claiming that the domestic coal stock was not enough to meet the country’s power demand, asked State governments and power-generating companies to import coal. And, no prizes for guessing. Adani’s businesses accounted for 25 per cent of India’s coal imports this fiscal.

The credit for Adani’s growth as one of the world’s largest private developers of coal power plants and coal mines, like in all the growth stories of his multi-business empire, goes to the Narendra Modi government. How the ruling political party of India kept bending in favour of coal, called the dirty fuel by everyone except Modi and Adani, is evident when one looks at how captive coal blocks in the country's mines were handed over to Adani violating the directives laid out in the Supreme Court Decision of 2014.

From 1993 to 2011, different governments allotted 218 captive coal blocks to individual private and State-owned entities. However, in 2012, the Comptroller and Auditor General (CAG) of India found the allotments to be arbitrarily causing a huge loss of revenue. In response to a public interest litigation, the Supreme Court in September 2014, too, found all the allotments of coal blocks to have been illegal, barring just four that were being run by the Central government without any private partners. The court noted a pattern of State-owned enterprises granting lucrative contracts to private firms to mine and deliver coal from their blocks.

The Adani Group held five such contracts by 2014. The manner in which contracts were given away came to be known as Coalgate, which interestingly, was a major talk point for the Bharatiya Janata Party and Modi in the 2014 elections. When they came to power, a new law i.e., the Coal Mines (Special Provisions) Act, 2015, was brought. This had a window of discretion kept in the regulations and as per Section 11(1), which allowed State governments that were freshly allotted mines, to continue the Mine Development and Operation (MDO) contracts that the previous owner of their mines had before the court cancelled them. They didn't have to go for fresh auctions.

Using this provision, the BJP government in Rajasthan reinstated Adani Group companies as MDOs for two mines. This was clearly against the decision of the highest court and the arrangement gave Adani a 74 per cent holding in the joint venture.

After Adani benefitted from that purposefully created loophole, in 2020, the PMO suddenly woke up and felt that the practice of MDO appointment lacks "consistency and transparency" for which it will "continue to be questioned in the public domain". The NITI Aayog and the Ministries of Coal, Finance, Mines and Steel agreed with the PMO and decided that no such contracts would be allowed in the future. In short, the window was created for Adani, and after he benefitted, it was decided to close it. https://telanganatoday.com/modani-files-how-adani-is-unearthing-indias-buried-sunshine

10. Cong says NSE lifted ASM on Adani Group stocks, questions SEBI's 'inaction' *(business-standard.com)* 17 Mar 2023

The Congress claimed on Friday that the National Stock Exchange (NSE) has lifted additional surveillance on some Adani Group company stocks and asked why stock exchange regulator Securities and Exchange Board of India (SEBI) is standing by and allowing investors to take on added exposure to such stocks.

Congress general secretary, communications Jairam Ramesh posed questions on Twitter to Prime Minister Narendra Modi on the Adani issue as part of the opposition party's "Hum Adanike Hain Kaun" series.

"Another day of adjournment and protest. The PM-linked Adani 'Maha Mega Scam' continues to be the subject of agitation by the Opposition and stonewalling by the Government. Here is HAHK (Hum Adanike Hain Kaun)-31. Chuppi Todiye Pradhan Mantriji," Ramesh said in a tweet.

He claimed that even as global index providers such as MSCI, S&P Dow Jones and FTSE Russell reviewed the position of the Adani stocks in their equity indices, the NSE went the other way and included five Adani Group companies in no less than 14 indices beginning Monday (March 20), as pointed out in the HAHK series on February 20.

This week, Ramesh claimed, the NSE announced that Adani Enterprises, Adani Power and Adani Wilmar would, from Friday (March 17), exit the additional surveillance mechanism framework that was put in place to protect investors from excessive risk.

"Surely the timing is not a coincidence? Why is SEBI standing by as the NSE chooses to protect the Adani Group's interests rather than that of lakhs of small investors? Why is SEBI allowing index investors to take on additional exposure to Adani Group stocks when financial advisors, who generally wealthier investors can afford, have been advising their clients to avoid investing in Adani Group stocks?" the Congress leader asked.

In another poser made by Ramesh, he said almost a month after the revelations of wrongdoing in the Adani Group, the CEO of the Bank of Baroda said the bank would continue to lend money to the business conglomerate led by industrialist Gautam Adani.

"This statement came at a time when the value of Adani collateral in the form of pledged stock had collapsed by more than half, prompting margin calls by big global lenders concerned about repayment and fresh questions about the group's ability to service and repay its huge debt. Note that the Bank of Baroda is a leading public sector bank that is owned by the people of India, not by PM Modi or the CEO.

"Was this yet another case of phone banking by your government? Is it true that the CEO was subsequently asked to clarify his statement by Members of Parliament on 6 March 2023 at a historic south Indian location, and if so, will you share his answer with the people of India?" Ramesh asked.

The Rajya Sabha MP of the Congress also said the Gujarat Maritime Board (GMB) was set up in 1982 to oversee the state's "minor ports", "but appears to have simply become another instrument for the enrichment of your cronies".

Citing a 2014 Comptroller and Auditor General (CAG) report, he said it had found that Adani Ports had benefitted to the tune of Rs 118.12 crore after the GMB applied incorrect royalty rates to a newly-built quay at the Mundra port.

"More importantly, the CAG found that 'no system to monitor the construction activities at the private ports was in existence and that the MIS did not provide performance-related details on the activities of the ports'. The benefit to Adani Ports, the dominant ports player in the state, of this non-existent monitoring may therefore have been many multiples of the observed Rs 118 crore," he said.

The Congress leader has so far posed 93 questions to the government under the HAHK series.

The opposition party is seeking to corner the BJP-led Centre on the Adani issue ever since US-based short seller Hindenburg Research came up with a research paper alleging financial irregularities and stock manipulation by the business group.

The Adani Group has rejected the allegations and denied any wrongdoing. https://www.business-standard.com/article/current-affairs/cong-says-nse-lifted-asm-on-adani-group-stocks-questions-sebi-s-inaction-123031700862_1.html

STATES NEWS ITEMS

11. Uttarakhand: कैग की रिपोर्ट में खुलासा, सरकारी वाहन, एंबुलेंस और शव वाहनों में भी ढोया अवैध खनन *(amarujala.com)* 20 Mar 2023

देहरादून जिले की तीन नदियों (सौंग, ढकरानी और कुल्हाल) से एंबुलेंस और शव वाहनों से भी अवैध खनन ढोया गया है। इसके साथ ही हजारों रवन्नों में सरकारी वाहनों के नंबर भी पाए गए हैं। खनन का यह अवैध खेल वर्ष 2017-18 और 2020-21 के बीच खेला गया है। खनन माफिया ने वाहनों की नंबर प्लेट बदलकर प्रशासन की आंखों के सामने से लाखों टन अवैध खनन सामग्री ढोकर करोड़ों के वारे न्यारे कर लिए। कैग ने जब रवन्नों की जांच की तो पता चला कि इनमें से सरकारी वाहनों के नंबर भी शामिल थे।

यही नहीं अवैध खनन ढोने में जिन वाहनों को लगाया गया था, उनमें से हजारों नंबर एंबुलेंस, शव वाहन और प्राइवेट गाड़ियों यानी गैर वाणिज्यिक निकले। कैग की रिपोर्ट के अनुसार, अवैध खनन में लगे 2,969 सरकारी वाहनों से एक लाख 24 हजार 474 मीट्रिक टन खनन सामग्री ढोई गई।
40 बताई गई ऐसे वाहनों की संख्या

इसी तरह से 835 यात्री वाहनों से 97 हजार मीट्रिक टन और ढाई हजार टैक्सी वाहनों 1.52 मीट्रिक टन खनन सामग्री ढोई गई। 57 हजार से अधिक वाहन ऐसे थे, जो पंजीकृत ही नहीं थे। इसके अलावा एंबुलेंस, अग्निशमन वाहन, शव वाहन, रोड रोलर, एक्सरे वैन के नंबरों वाले वाहनों में करीब ढाई हजार टन अवैध खनन का परिवहन किया गया है।

ऐसे वाहनों की संख्या कैग रिपोर्ट में 40 बताई गई है। 782 पेट्रोलियम टैंकों के नंबर भी ऐसे पाए गए, जो अवैध खनन के रवन्नों में दर्ज हैं। कृषि कार्यों के लिए पंजीकृत करीब आठ हजार ट्रैक्टरों को भी खनन के काम में लगाया गया। यहां तक कि 261 ई-रिक्शा और 201 दोपहिया वाहनों से भी खनन सामग्री ढोनी दिखाई गई है।

ऐसे पकड़ में आया मामला
कैग ने सड़क परिवहन और राजमार्ग मंत्रालय की ओर से तैयार किए गए वाहनों के डाटा बेस के साथ रवन्नों में उल्लेखित वाहन नंबरों की जांच की। कैग की ओर से रवन्ना वाले 4.37 लाख वाहनों में से 1.18 लाख वाहनों का मिलान किया गया। कैग ने पाया कि 1.18 लाख वाहनों में से 0.43 लाख वाहन से अवैध खनन सामग्री ढोई है। इन्हीं वाहनों में एंबुलेंस, कैश वैन, अग्निशमन वाहन, दो पहिया और ई-रिक्शा तक शामिल थे।

अवैध खनन में लगे वाहनों का विवरण
-अवैध खनन में लगे सरकारी वाहनों की संख्या- 6,303
-बिना पंजीकरण वाले कुल वाहनों की संख्या- 60,882
-अन्य वाहनों की संख्या- 42,857
https://www.amarujala.com/dehradun/uttarakhand-news-cag-report-revealed-ambulances-government-and-dead-bodies-vehicles-carried-illegal-mining-2023-03-20?pageId=2

12. **Uttarakhand News: जंगल में आग के आंकड़े छुपा रहा वन विभाग, कैग की जांच रिपोर्ट में हुआ खुलासा** *(amarujala.com)* 19 Mar 2023

प्रदेश का वन महकमा वनाग्नि से संबंधित आंकड़े छुपा रहा है या गलत जानकारी आगे प्रेषित कर रहा है। इसके अलावा भरपूर बजट होने के बाद भी अग्निशमन उपकरणों की खरीद में कोताही बरती गई है। इतना ही नहीं वन विभाग रिमोर्ट सेंसिंग और जियोग्राफिक इंफॉर्मेशन सिस्टम (जीआईएस) से प्राप्त आंकड़ों का भी सही से प्रयोग नहीं कर पा रहा है।

वर्ष 2018-20 के बीच वनाग्नि से संबंधित आंकड़ों का विश्लेषण और जांच के बाद कैग ने अपनी रिपोर्ट में इन तथ्यों को उजागर किया है। कैग ने अपनी जांच में पाया कि अप्रैल 2020 में अल्मोड़ा और बागेश्वर जैसे उच्च संवेदनशील प्रभागों में आग बुझाने के लिए वन कर्मियों के पास आवश्यक उपकरणों का अभाव था।

कैग ने पाया कि बागेश्वर प्रभाग के पांच क्रू स्टेशनों और अल्मोड़ा प्रभाग के दो क्रू स्टेशनों में आग बुझाने के काम में लगे कर्मचारियों के पास अग्नि प्रतिरोधी वर्दी, जूते और टार्च तक नहीं थे। इसके अलावा दोनों वन प्रभागों ने वर्ष 2017-18 में कोई भी अग्निशमन व सुरक्षा उपकरण नहीं खरीदे गए थे।
एफएसआई के साथ साझा नहीं किया डाटा

कैग ने पाया कि वन विभाग ने वनाग्नि का फीडबैक भारतीय वन सर्वेक्षण (एफएसआई) के साथ साझा करने में कोताही बरती है, जबकि तमाम दूसरे राज्य लगातार वनाग्नि से संबंधित फीडबैक एफएसआई के साथ साझा करते रहे हैं। विभाग ने वर्ष 2018-19 और 20 तीन वर्षों में केवल वर्ष 2018 का फीडबैक एफएसआई के साथ साझा किया। वन विभाग की ओर से तर्क दिया गया है कि विभिन्न वन प्रभाग 'फॉरेस्ट फायर रिपोर्ट मैंनेजमेंट सिस्टम' (एफएफआरएमएस) ऑनलाइन पोर्टल पर फीडबैक देते हैं, जिसे वनाग्नि काल के अंत में एफएसआई को साझा किया जाता है।

एफएसआई की चेतावनी को किया नजर अंदाज

कैग ने पाया कि एफएसआई की ओर से वनाग्नि से संबंधित जारी चेतावनियों में वन विभाग ने मात्र चार से 11 प्रतिशत मामलों में वनाग्नि की बात स्वीकार की। वन विभाग का कहना था कि एफएसआई की ओर से जारी अन्य चेतावनियों में वह भी शामिल होती हैं, जो वन क्षेत्रों से बाहर कहीं भी लगी हो, या फिर फॉयर कंट्रोल लाइनें बनाते समय लगाई गई आग भी इसमें शामिल कर ली जाती है। कैग ने सत्यता जांचने के लिए 30 ऐसे रैंडम प्रकरणों की जांच की, जहां विभाग की ओर से जंगल के बाहरी क्षेत्र में आग लगना बताया गया था। इस जांच में 30 में से 19 मामले आरक्षित वन क्षेत्र के ही पाए गए। मतलब प्रभागों ने अपने क्षेत्राधिकार में होनी वाली आग को नियंत्रित करने की जिम्मेदारी से बचने के लिए गलत फीडबैक दिया था। https://www.amarujala.com/dehradun/forest-department-hiding-data-related-to-forest-fire-revealed-in-the-investigation-report-of-cag-uttarakhand-2023-03-19?pageId=1

13. वृद्धावस्था-विधवा पेंशन में भारी गड़बड़ी, समाज कल्याण विभाग के भुगतान में एक ही मोबाइल नम्बर से लिंक मिले 4217 पेंशन खाते *(samacharnama.com)* March 17, 2023

उत्तराखंड: कल्याण विभाग की पेंशन भुगतान प्रणाली में कैग ने गंभीर खामियां पाई है. विधवा पेंशन और वृद्धावस्था पेंशन योजना के तहत हजारों खाते एक ही मोबाइल नम्बर से लिंक मिले हैं.

कैग की रिपोर्ट के अनुसार विधवा पेंशन योजना में 8661 और वृद्धावस्था पेंशन योजना में 3102 लाभार्थियों के डेटा बेस में भारी गड़बड़ी पाई गई है. कैग की रिपोर्ट में कहा गया है कि योजना के तगत एक नम्बर से 4217 खाते जुड़े हुए मिले. इसी तरह एक अन्य नम्बर से 103 खाते, एक नम्बर से 100 तो दूसरे नम्बर से 1517 लाभार्थी जुड़े मिले हैं. कैग ने कहा कि इससे साफ है कि योजना में भुगतान की प्रक्रिया अभी तक पारदर्शी नहीं हो पाई है. कैग ने इसे गंभीर खामी माना है.

विभाग की सफाई खारिजकैग ने इस संदर्भ में समाज कल्याण विभाग के अधिकारियों से जानकारी मांगी तो विभाग ने कहा कि पेंशन के लिए डीबीटी के तहत भुगतान में मोबाइल नम्बर होना अनिवार्य है. कई लोग मोबाइल नम्बर दर्ज नहीं करते जिज़ वजह से बैंक खातों से गलत नम्बर दर्ज हो गए.

एक ही आधार संख्या पर दो पेंशनकैग ने पाया कि विभाग की पेंशन योजनाओं में न केवल एक मोबाइल नम्बर से कई खाते जुड़े हैं बल्कि एक आधार से भी दो से अधिक पेंशन दी जा

रहीं हैं. 6 लाख खातों की जांच के बाद पाया गया कि 17 पेंशन भोगियों को 13 आधार संख्याओं के आधार पर 26 पेंशन के माध्यम से 3 लाख 48 हजार मंजूर कर दिए.

एक ही बैंक खाते पर दो पेंशनसमाज कल्याण की पेंशन भुगतान प्रक्रिया में गड़बड़ी को बताते हुए कैग में कहा कि 6 लाख खातों की जांच से पता चला कि 50 लाभार्थियों 38 बैंक खातों में 76 पेंशन के माध्यम से 27 लाख का भुगतान किया गया. अन्य लोगों के खातों में भी पेंशन भुगतानसमाज कल्याण में पेंशन भुगतान में किस कदर गड़बड़ी हो रही है वह इससे साफ होता है कि कैग की जांच में देहरादून और हरिद्वार में कुछ ऐसे भी मामले सामने आए की लाभार्थियों की पेंशन दूसरे लोगों के खाते में डाला जा रहा है.

कई लोगों को दोहरी पेंशनकैग ने कहा कि जांच में 16 पेंशन भोगियों को एक साथ दो दो पेंशन भुगतान के मामले सामने आए हैं.

पेंशन भुगतान में भी देरी
कैग ने अपनी रिपोर्ट में कहा कि समाज कल्याण विभाग लाभार्थियों को समय पर पेंशन भुगतान नहीं कर पा रहा है. 99 प्रतिशत पेंशन का भुगतान 283 दिनों की देरी से किया गया.

लाभार्थियों को पेंशन का अधिक भुगतान
कैग ने पाया कि समाज कल्याण विभाग ने कई पेंशनर्स को तय पेंशन से अधिक का भुगतान किया गया. जिससे 2 करोड़ से अधिक का नुकसान हुआ.

मृत व्यक्तियों को पेंशन
कैग ने कहा कि समाज कल्याण विभाग ने 2017 से 2021 तक 4298 लाभार्थियों को मौत के बाद पेंशन दी. कुछ से वसूली हो पाई जबकि 410 मृतकों से 30 लाख की वसूली नही हो पाई. कई लोगों की मौत की तिथि का जिक्र नहीं पाया. https://samacharnama.com/city/rishikesh/rishikesh-huge-disturbance-in-old-age-widow-pension-same/cid10308677.htm

14. Disclosure of CAG Report: कई योजनाओं से वंचित रह गए लाभार्थी, पुरुषों को दिए गए विधवा पेंशन, पैसे वालों को दिए गए गरीबी रेखा से निचे वालों के लाभ *(ptcnews.tv)* March 17, 2023

हाल में भारत के नियंत्रण महालेखापरीक्षक (CAG) रिपोर्ट में ये खुलासा हुआ है कि हिमाचल प्रदेश में 2017 से 2021 के कई पुरुषों को विधवा पेंशन और पैसे वालों को गरीबी रेखा से नीचे (बीपीएल) योजनाओं के लाभ दे दिए गए है। इसके अलवा राज्य सरकार और केंद्र की योजनाओं से कई असली लाभार्थी वंचित रह गए। CAG के इस रिपोर्ट के

मुताबिक इस देनदारी में प्रत्यक्ष लाभ अंतरण का ढांचा भी सही नहीं पाया गया है। इस देनदारी का डाटाबेस नहीं बनाने की वजह से बजट उपलब्ध होने के बावजूद कई लाभार्थी योजनाओं से भी वंचित रह गए।

कैग (CAG) रिपोर्ट में बताया गया कि वर्ष 2017-21 के दौरान जांच और सत्यापन प्रक्रिया में कई अनियमितताएं पाई गईं। प्रमाणपत्रों के बिना अपूर्ण आवेदनों को मंजूर कर लिया गया है। आवेदकों की आयु और और उनके द्वारा उपलब्ध कराए गए दस्तावेजों में आयु की भी भिन्नता पाई गई है । यहाँ तक कि कम आयु के आवेदकों को भी लाभ दिए गए हैं। इसके अलावा कई सामान्य आवेदकों को दिव्यांग लाभ भी दिए गए हैं।

यह रिपोर्ट बताती है कि इस दौरान एक आधार नंबर का कई बार प्रयोग पाया गया है। आवेदनों का सत्यापन समय पर नहीं किया गया। यह रिपोर्ट बताती है कि मृत्यु, पुनर्विवाह, रोजगार और आय में परिवर्तन से संबंधित निगरानी और सत्यापन में भी देरी की गई। केंद्र सरकार की तीन योजनाओं इंदिरा गांधी राष्ट्रीय वृद्धावस्था, इस समय अवधि में विधवा और दिव्यांग पेंशन योजना के अलावा वृद्धावस्था, विधवा पेंशन योजना व दिव्यांग राहत भत्ते जैसी राज्य सरकार की योजनाओं का असली लाभार्थियों को लाभ नहीं मिल सका। https://www.ptcnews.tv/hindi-news/disclosure-of-cag-report-beneficiaries-were-deprived-of-many-schemes-widow-pension-given-to-men-benefits-of-those-below-poverty-line-given-to-those-with-money-721429

15. Gujarat govt owes Rs 54 cr for using 34,614 GSRTC buses for events of PM, CM *(indianexpress.com)* 18 Mar 2023

In the last one year, a total of 34,614 buses of the Gujarat State Transport Corporation (GSRTC) were used for plying people for programmes of Prime Minister Narendra Modi and Gujarat Chief Minister Bhupendra Patel, the Gujarat Assembly was informed Friday.

The state government is yet to clear dues worth Rs 53.81 crore for using the GSRTC buses, the state government stated in a written reply to a question asked by Congress MLA from Patan Kiritkumar Patel during the Question Hour.

Opposition Congress party in a statement issued later said the GSRTC is unable to provide timely bus services to the common man but is operating buses for functions of the Prime Minister and Chief Minister. The party added that the daily commuters and students suffer the most.

In a report tabled in the Gujarat Assembly last year, Comptroller and Auditor General of India (CAG) had pointed out that the GSRTC has been booking losses since 1973-74 and had accumulated losses to the tune of Rs 3,667 crore at the end of 2017-18. https://indianexpress.com/article/cities/gandhinagar/34000-gsrtc-buses-ply-pm-cm-programmes-gujarat-govt-8503660/

16. **Purpose of 'state protected' tag defeated if no access to sites, says CAG report** *(timesofindia.indiatimes.com)* Mar 18, 2023

Bhopal: Of the 189 "state protected" heritage sites in the state, 43 sites do not have road access, stated Comptroller and Auditor General (CAG) in its 2020-21 report. The report also stated that if heritage tourism enthusiasts cannot reach there, this would defeat the purpose of declaring a heritage site or a monument as "state protected".

The report said that developing infrastructure in monuments and its surroundings (including construction of roads) can open new avenues for cultural and economic benefits of the locals. During a joint inspection, undertaken by officials of directorate of state archaeology, of 189 "state protected" sites, it was found that it was difficult to reach 43 of them because of absence of all-weather roads. In fact, team failed to reach four of these sites.

The report said that not constructing roads to these sites 3- 41 years after they were declared "state protected" monuments only shows that the department of culture has been apathetic towards maintenance of these sites.

The culture department said that collectors of the concerned districts are being constantly reminded for the construction of roads.

The report further said that because of difficulty in reaching these sites, not only for the officials of the department but heritage-loving visitors also, the very purpose of declaring them "state protected" becomes irrelevant. https://timesofindia.indiatimes.com/city/bhopal/purpose-of-state-protected-tag-defeated-if-no-access-to-sites-says-cag-report/articleshow/98746200.cms

17. CAG reports 2357 samples of GST Transitional Credit not verified before Madhya Pradesh Legislative Assembly *(taxscan.in)* March 18, 2023

In its report for the financial years 2020–21, the Comptroller & Auditor General (CAG) mentioned that, even more than three years after taxpayers first claimed transitional credit, none of the 2,357 samples of transitional credit under the GST that the CAG saw had been verified by the state commercial tax department.

The CAG submitted the report before the Madhya Pradesh State Legislative Assembly.

Even more than 3 years after taxpayers first applied for transitional credit, the department has not validated any of the 2375 selected cases of transitional credit under the authority of 45 circle offices, the statement reads.

Input tax credit (ITC) carryover from the previous laws to the GST system was the topic of a subject-specific compliance examination of the commercial tax department, based on the report. Examining 2,357 selected claims in 45 circle offices revealed 314 non-compliance incidents with a combined revenue impact of Rs. 86.93 crore.

Further stated that in the 136 cases of transitional credit across 40 circle offices, taxpayers sought transitional credits totaling Rs 77.02 crore against qualified VAT credits totaling Rs 5.75 crore that were recorded as carried over on the VAT return for the first quarter of 2017–18. As a result, the taxpayers claimed transitional credit worth Rs 71.21 crore more than the VAT return's balance credit.

Taxpayers had neglected to file their quarterly VAT reports in 68 cases across 25 circle offices over the previous six months (either fourth quarter of 2016-17 or first quarter of 2017-18 or both). According to the audit, the taxpayers "irregularly" claimed a transitional credit worth Rs 3.97 crore. https://www.taxscan.in/cag-reports-2357-samples-of-gst-transitional-credit-not-verified-before-madhya-pradesh-legislative-assembly/263154/

18. Coastal crisis: It's a race against time, and tide, for those living in Odisha's coastal villages; here's why *(downtoearth.org.in)* 19 March 2023

It is a race against time, and tide, for those living in Odisha's coastal villages. Data with the National Centre for Sustainable Coastal Management, Chennai, shows that 74 villages in the state are severely affected by shoreline erosion—the highest in the country.

A study paper published in the journal Spatial Information Research in June 2018 finds that almost half of Odisha's coast—196 km of shoreline—has undergone erosion between 1990 and 2015.

A major reason for this is rising sea level, which is surging along the Odisha coast at a rate faster than the rest of the country. A July 2022 paper published in Applied Ecology and Environmental Research finds that sea level along Odisha has risen by 9.5 cm in the 50 years between 1966 and 2015.

The average sea level rise along the Indian coast during the period is 8.5 cm, shows the response to a query in Rajya Sabha in November 2019. Odisha has also been battered by the maximum number of cyclones in the country.

The government is well aware of the crisis, and has been implementing measures to stabilise select areas of the state's coastline since 2012. In 2010, the Union environment ministry prepared an Integrated Coastal Zone Management Plan (ICZM) to be implemented on a pilot basis in Odisha, along with two other states prone to shoreline erosion—Gujarat and West Bengal.

The plan was to be implemented with Rs 896.37 crore financial assistance from the World Bank. But a 2022 report by the Comptroller and Auditor General of India states that "Inordinate delay in the preparation of this plan resulted in the implementation of pilot investment activities which did not emerge from the ICZM plan and thus, these activities could not complement the plan to this extent."

In January 2023, Down To Earth travelled across some of the coastal areas of Odisha, only to find that the measures are barely able to check shoreline erosion of the state, leaving local communities and biodiversity exposed to rising sea levels and extreme sea level events, triggered by a combination of sea tides, waves and storm surges during cyclones. Most erosion control measures are either not suitable for the state's highly dynamic shoreline or have implementation flaws.

In Pentha village of Kendrapara district, the geosynthetic tubes installed to check coastal erosion now resemble a seawallEngulfed by sea

The extent and severity of the erosion can be gauged at Podampeta and Ramayapatnam villages of Ganjam district. Located close to the Rishikulya river's mouth (where the river enters the ocean), Podampeta is a site of extreme sea level events.

"Just six months ago, following a storm surge, a large patch of land, a metre from my house, was suddenly swept into the sea. Now, my house is on the line," says C H Paindi, sitting on the doorstep of her worn down house. Paindi, in her 40s, recalls that the sea started moving closer to the village around 2007-09.

But since 2015, its tides are getting more aggressive by the day. So far, the sea has engulfed 200 houses. The remaining 100 houses stand in a dilapidated condition, giving Podampeta an eerie look of a ghost village. All the residents, except for two families, including that of Paindi's, have shifted to a rehabilitation colony, New Podampeta, 2 km away.

The situation is worse in Ramayapatnam village, some 50 km south of Podampeta. Ramayapatnam is located near the mouth of Bahuda river. P Ganapathi, a 70-year-old resident, says the river mouth has been shifting towards the village in the past 14-15 years.

"Due to this, we are experiencing flooding triggered by tidal events and storm surges in last five to six years. Sometimes, seawater reaches our village," says P Mohan Rao, another resident. Ramayapatnam has so far lost 47 houses to the sea.

R N Samal, scientific officer of Odisha government's Chilika Development Authority, tells DTE that to tackle coastal erosion, the state government plans to deploy geo-synthetic tubes—a large tube shaped bag made of porous, weather resistant synthetic material filled with sand to withstand sea waves—along the coast of Podampeta and Ramayapatnam in the second phase of ICZM project.

While there is no clarity when this phase will be implemented, residents and analysts caution against mindless implementation of the technique.

Residents of Ramayapatnam village in Odisha's Ganjam district say the mouth of the Bahuda river is fast shifting towards the villageFaulty implementation

Odisha deployed its first set of geo-synthetic tubes in Kendrapara district after the super cyclone in 1999 triggered erosion along the coast of Pentha village and initiated submergence of nearby Agarnasi island, an active nesting site for Olive Ridley sea turtles.

Sarat Tripathi, sarpanch of Pentha, tells DTE that the village shoreline has since remained protected from sea waves. “But beaches on the north and south of Pentha are eroding rapidly. An island is also being formed 3 km inside the sea which is visible during low tides,” he says.

With a little prodding, Tripathi elaborates how the structure was set up: “After the geo-synthetic tubes were installed between 2012 and 2015, officials used small rocks in between and above the geo-tube to further strengthen it, and in 2017 placed bigger rocks on top of it for better support.” When DTE visited the site, it resembled a seawall made of rocks.

Hard-engineered structures like seawalls and dykes have often been criticised for their impact on the environment. Studies confirm that in several cases, when used as a stand-alone measure, seawalls have resulted in active or passive forms of coastal erosion.

In May 2022, the National Green Tribunal also directed all states and Union Territories not to raise or construct hard structures for erosion control. Yet in Arjyapalli Gram Panchayat in Ganjam, seawalls have been built along Gopalpur port.

Residents allege that the seawalls are responsible for the erosion of a 5-km coast along the village.

K Alleya, vice president of National Fishworkers Forum and president of the Gopalpur Port Mazdoor Union, says the erosion is a direct result of backwater construction for Gopalpur port with sea dykes, which started in 2009 and got completed in 2023.

“Earlier the fisherfolk would have their boats and nets on the beach, right next to the village. Now that the beach is no longer there, they dock the boats near the port, 1-2 km away from the village,” says S Namasai, a resident.

Seawalls along Gopalpur port in Odisha's Ganjam district. Residents of Arjyapalli village claim the seawalls have led to erosion of their beachPlan with caution

The combined impacts of a dynamic mouth, extreme sea level events, and cyclones play out along the Chilika, the largest brackish water lake in Asia whose rich biodiversity is created and nurtured by the delicate salinity gradient.

This gradient is maintained by the seawater flowing into the lake through the mouth and freshwater from 52 rivers and rivulets gushing into it from the opposite side. Intense storm surges during cyclone Fani in 2019 have opened four new mouths in Chilika lake.

While two of the mouths closed in April 2022, two others are still open. Such a sustained opening of new mouths has never happened before, say fisherfolk in adjoining villages. Besides this, says Samal of the Chilika Development Authority, a 80-m-long mouth that opened in 2001 has moved 7.2 km towards the north due to erosion.

This has altered the salinity gradient of the lake and affected its biodiversity and livelihoods of people who depend on it. In Arakhakuda village, located near the new mouths, Litusam Behera, a resident says, “Our fish catch has gone down by 70-80 per cent after cyclone Fani.”

Mayadhar Jena, sarpanch of Mirjapura village, located along Chilika, says the fish catch has reduced by 30-40 per cent. Families that depended on fishing for a living now plan to migrate to other states in search of livelihood.

Before Fani hit the state, a massive mangrove plantation was carried out under ICZM on the islets near Arakhakuda village between 2014 and 2019. Since roots of the mangroves act as tide breakers and its foliage a buffer for the swift winds of cyclones, mangrove restoration and regeneration is being used globally as an ecosystem-based solution to protect the coast from the impacts of climate change such as storm surges.

But since the 60 ha where Bhubaneswar-based non-profit Pallishree undertook plantation is not suitable for mangroves, it was carried out on a trial and error method. During cyclone Fani the mangroves were not mature enough and many of them were lost to the storm surge.

There is a difference between mangrove restoration and regeneration (done in areas that are conducive for mangrove growth but have lost them over the years to deforestation or other land use changes) and mangrove plantation (done in areas where mangroves have not existed before).

"Mangrove restoration and regeneration, if done in a scientific manner, can be a good climate change adaptation measure for coastal Odisha. But mangrove plantation should be generally discouraged as it may lead to disturbances in the local ecosystems and aggravate the impacts instead of mitigating them," says Sadhwi Sindura, programme coordinator at non-profit WWF-India, who works for marine conservation in Odisha.

As the state government prepares to implement the second phase of the ICZM project and also take up coastal adaptation measures under the Enhancing Climate Resilience of India's Coastal Communities (ECRICC), a national project being funded and facilitated by the UN Development Programme, experts suggest that it must not repeat the mistakes.

Anvita Dulluri, analyst, climate change frameworks, Carbon Disclosure Project, Europe, who has extensively studied the impact of rising sea on Odisha coast, says: "Whatever measures are taken by the government along the coast have to keep the local communities involved in the decision making and implementation, otherwise the maladaptation such as in Pentha could occur. Their livelihoods also have to be taken into account before these measures are planned."

The fact is coastal Odisha and its communities are fast losing their existence due to climate change, any action to mitigate the impacts or adapt to it should be immediate and foolproof. https://www.downtoearth.org.in/news/climate-change/coastal-crisis-it-s-a-race-against-time-and-tide-for-those-living-in-odisha-s-coastal-villages-here-s-why-88054

SELECTED NEWS ITEMS/ARTICLES FOR READING

19. India's indigenization of defence manufacturing will not happen overnight *(sundayguardianlive.com)* Maj Gen Ashok Kumar Retd | March 19, 2023

The production of defence equipment with modern technological trends has always been a challenge for most countries worldwide. This has resulted in most nations importing defence equipment to meet their domestic defence needs. The defence industry has become so lucrative in export-oriented countries that they hold a lot of say in the foreign policy of the concerned country. There have been instances where export-oriented countries related to defence equipment have been instrumental in initiating/prolonging a conflict so that their market of defence exports remains vibrant. The Russia-Ukraine war could also be such a case, as reported by some media platforms.

Be that as it may, it is essential for any country to be largely self-reliant in the defence domain. It is, therefore, essential that defence manufacturing be patronised if a country wants to become self-reliant. This is especially crucial for a country like India, which has two nuclear-armed adversaries like China and Pakistan sharing its land borders, with active disputes on the border. Both these adversaries have Indian land in their possession—with Pakistan in the form of Pakistan occupied Kashmir while Aksai Chin is with China, besides some other areas in other locations.

Though a little late, India has embarked on the path of indigenization. It is therefore important that defence manufacturing by domestic industries be patronised by the Government of the day to meet its own defence needs as well as exporting these products to friendly foreign countries worldwide.

While the Government is largely moving in the said direction, there are numerous areas where it requires more hand-holding, undertaking process simplification and setting targets that could be achievable despite being ambitious. There is a serious need to understand and appreciate the enhanced role of defence manufacturers in India to make the country self-reliant in this field. Some steps needed are as follows:

PARAMETERS OF ACCEPTANCE: There may be cases wherein the domestic defence manufacturers may not be able to produce the best defence equipment available in the world market at this stage. It is, therefore, required to be upfront stated that the defence forces of the country will accept all the equipment of domestic manufacturers, even if they are graded 7 or more on a scale where the best in the market is graded 10 on this scale. The need for a formal agency to adjudicate and upfront commitment by all the stakeholders for this is essential for all the equipment which is “in service” but is of import “origin”. This will help build confidence among domestic defence manufacturers.

PURCHASE FROM DOMESTIC DEFENCE MANUFACTURERS: Unlike the market of FMCG products, defence manufacturers can sell their products only to the Government organs. It is, therefore, important that the Government patronises the domestic manufacturers. It was a welcome announcement in the budget presented on Feb 22 to make purchases from domestic manufacturers a minimum of 68 percent, which was earlier 58%. When the budget was announced on 01 Feb

23 in the recent past, it was expected to be raised beyond 68 percent. However, it did not happen. The Government has now taken it to 75 percent post-budget, which is a very welcome move. It is, however, more important to objectively assess as to what has been the quantum of the real purchase from the domestic defence manufacturers. It is also important that for this percentage to be meaningful, it must be related to indigenous products. If the interpretation is related to Indian defence manufactures, including imported equipment/assemblies/components by them, the basic purpose will be defeated. While speaking in GIS23 in Lucknow, Hon'ble RM announced that the Government is considering enhancing the percentage of procurement from 68 percent (which has now been done), but he also cautioned that the practice of importing and then branding this product under this category must stop. It is, therefore, essential for the government to factually state as to what percentage of defence purchase in capital procurement

TRANSFER OF TECHNOLOGY (TOT): During GIS 23 in Lucknow, the Defence Minister emphasised that there is no advantage to grinding already grinded wheat, and therefore, TOT will be transferred to domestic manufacturers for free, whether with the government, DRDOs, or PSUs. While the announcement is a welcome sign, it will be worthwhile to see if the same is available to private manufacturers for free in a simple and transparent manner. It will be a very positive change if what is stated can be achieved.

INDIGENIZATION LISTS: The government has come out with four indigenization lists, where the first two lists cover the duration of four years, the third covers the duration of five years, and the fourth one covers the duration of ten years. The duration is supposedly based on the type of equipment being banned for imports, and each item has its timeline for banning imports. It is obvious that due diligence would have been done while including the items in these lists, including the timeline for banning the imports. However, more diligence is needed on these lists as well as those that may come up later, as the timelines have already started slipping. In addition to the inputs from the service HQs, DRDO, and PSUs, the MOD should co-opt inputs from domestic defence manufacturers. Only then will the timelines set forth be possible to achieve. A fresh reappraisal should be undertaken without any further delay.

Other major concerns need to be addressed to realise the enhanced potential of domestic defence manufacturers in India to translate the thought of indigenization into reality. Third-party quality audit certification and allocation of testing facilities, as well as ranges with defence forces, must be looked into. The provision must not only be made but also simple, transparent, and low cost/no cost, as the case may be. India has the potential to extend its shoulder not only to meet its defence needs but also those of friendly countries. https://sundayguardianlive.com/news/indias-indigenization-of-defence-manufacturing-will-not-happen-overnight

20. Not 6, now India to buy only 3 nuclear submarines as cost escalates *(firstpost.com)* March 17, 2023

The Indian Navy has decided to scale down its plans of procuring nuclear submarines.

According to media reports, the Indian Navy may receive approval to purchase only three nuclear submarines during the initial stage. The original plan, which envisaged the procurement of six submarines in the initial lot has been scrapped by the defence ministry due to high procurement costs.

The defence ministry had approved the Indian Navy's plans to acquire nuclear submarines in 2016.

only three submarines will be developed as part of Project-77, which had been launched with the goal of modernising the Indian Navy.

However, things hit a roadblock thereafter as following the initial investment of Rs 100 crores for research and development, for the program did not receive any more funds and the project still awaits clearance.

Meanwhile, France has offered a major nuclear submarine deal to India. As part of the deal, France will become a part of the Indian Navy's program to develop 6 nuclear submarines and has also offered to share conventional technology from its Barracuda-class nuclear submarine program.

Work on designing an indigenous nuclear submarine design by the Directorate of Naval Design also is going on at the Indian Navy's Shipbuilding Centre at Visakhapatnam.

A report by Indian Defence Research Wing (IDRW) quoted officials as saying that there were disagreements regarding who will fund the development of a new 190MW pressurized water reactor (PWR) by the Bhabha Atomic Research Centre (BARC).

The water reactors will be used to power the Indian Navy's nuclear submarine program and variant of the same reactor was to be developed for the S5 Class of ballistic missile submarines. https://www.firstpost.com/world/not-6-now-india-to-buy-only-3-nuclear-submarines-as-cost-escalates-12308242.html

21. Many gaps in the PLI scheme *(thehindubusinessline.com)* March 19, 2023

If there remains a sore spot in India's growth story, it is manufacturing. The government has been attempting to spruce up the sector for a long time now. Production Linked Incentives (PLI) scheme is one such initiative under the flagship Atmanirbhar Bharat Abhiyaan.

With the objective of transforming domestic manufacturing by augmenting its capacity and competence, the scheme aims at creating more jobs, attracting greater investments, reducing imports and making India a global manufacturing hub. In fact, PLI is often touted as the panacea to India's manufacturing problems.

A number of scholars and experts feel that the PLI can significantly restructure India's domestic manufacturing, push its share in the GDP to 25 per cent and foster seamless upgradation of domestic firms into the regional and global production networks.

Ambiguities galore

The real picture, however, is not all that rosy. A closer scrutiny unfolds several chinks in the armour of the scheme and raises serious concerns on its ability to deliver. Forget implementation, the design of the scheme too is riddled with flaws.

Firstly, an Empowered Committee has been constituted by the government for overseeing the scheme's implementation; it is additionally responsible for fund disbursement under each sector. But the manner in which these incentives are to be awarded remain ambiguous. There are no set criteria or common parameters for consideration by the ministries and departments for giving these incentives.

Further, the lack of a centralised database that captures information like increase in production or exports, number of new jobs created etc. make the evaluation process an administrative nightmare. This information ambiguity impacts transparency and can lead to malfeasance, further widening the fault lines and weakening the policy structure.

Secondly, unlike what was promised, the scheme's orientation appears to be greatly predisposed to larger firms. Evidence from fund disbursement in some of the PLI sectors alludes to a bias towards bigger players.

Unintended effects

Further, beneficiary sectors under the scheme such as automobiles, electronics and technical textiles are largely constituted by big firms. Obviously, this is not representative of the actual configuration of the Indian industrial structure, which is largely composed of Micro, Small & Medium Enterprises (MSMEs). These MSMEs not just contribute to a bulk of the manufacturing output and exports but generate much of the employment in the manufacturing sector.

It is worth mentioning that the next phase of PLI scheme will incorporate labour-intensive sectors such as toys, furniture, leather, bicycle manufacturing in its fold. While the intention is to stimulate the growth of labour-intensive manufacturing, it is important to understand that an unqualified expansion of this list may potentially risk the creation of a subsidies-dependent manufacturing industry.

Withdrawing of these benefits at a later stage may be onerous on account of political economy considerations. This would ultimately lead to industrial inefficiencies and engender a decline in productivity both at sectoral and firm-level thus adversely impacting the aggregate manufacturing output. In other words, an imprudent expansion of PLI sectors may be a retrograde move.

Thirdly, the efficacy of production subsidies to galvanise sector-specific manufacturing depend on a combination of factors like a steady stock of raw materials available at competitive prices, size of the domestic market, relationship between upstream and downstream manufacturers, among others.

For instance, PLI extension to the container manufacturing industry is unmindful of an understanding of the prevailing dynamics in India and that of the global container manufacturing business. Around 80 per cent of the total cost of production of these containers is composed of a single raw material called Corten steel, the price of which is ₹120-130 per kg in India, as compared to ₹80-90 in China.

In fact, India has limited capacity to manufacture A-grade Corten steel. Domestic manufacturers source it from China, Japan and South Korea. Thus, the high cost of primary input makes the sector uncompetitive, limiting its ability to compete in the global market.

To complicate things further, the demand in the sector is driven by the global shipping industry controlled by a few developed countries and China, thus creating significant entry barriers. Since the domestic market for containers is driven only by a handful of shipping companies involved in port-to-port shipment mostly in the neighbourhood, it is quite small to support large-scale production with an assured demand.

The bottomline is that production subsidies to scale container manufacturing will not work until other critical factors shaping the ecosystem are understood and factored in. More importantly, this holds true for other sectors as well.

Finally, the scheme paints manufacturing with a broad brush as if all sectors are at the same stage of development and technological advancement, and, have the same requirements. Consider this — a technology-intensive sector such as pharmaceuticals requires more resources for Research and Development (R&D), and, innovation infrastructure so as to sustain manufacturing at the optimum level.

The needs and nature of incentives required for a sector like textile are totally different. The PLI for textiles rightly underpins the importance of boosting the production of man-made fibres (MMF) and technical textiles. It does not, however, cover fabric which remains a highly imported category in the country.

It further excludes from its scope synthetic fabrics such as viscose, polyester and nylon, that are major inputs for apparels. The complexities and nuances that characterise particular sectors are, thus, hardly taken into consideration in the design of the PLI scheme.

The PLI scheme is a classic case of ‘ good intentions but bad approach’. For the scheme to deliver positive results, the structural problems within the policy design and economic system need to first be addressed. Only then will India fulfil its dream of becoming a global manufacturing hub. https://www.thehindubusinessline.com/opinion/many-gaps-in-the-pli-scheme/article66639145.ece