

NEWS ITEMS ON CAG/ AUDIT REPORTS (24.03.2023)

1. Audit watchdog now being extended to include political executives: CAG ([dailypioneer.com](https://www.dailypioneer.com)) 24 March 2023

The Comptroller and Auditor General of India Girish Chandra Murmu on Wednesday said the audit watchdog outreach is now being extended to include political executives to highlight audit concerns.

“The intention is to build a shared understanding of the most pressing concerns in governance and find possible solutions,” Murmu said during an orientation programs with the Officer Trainees of the Indian Information Service (IIS) belonging to three batches of 2020, 2021 and 2022.

Noticing that most of the officers are from engineering background, Murmu said that technical skills should be used to handle the challenges of future media, especially with emerging self-help AI tools such as ChatGPT. He said that the trainee IIS officers should gear up to meet the challenges posed by Big Data and Artificial Intelligence. <https://www.dailypioneer.com/2023/india/audit-watchdog-now-being-extended-to-include-political-executives--cag.html>

2. India needs a free and fair CAG appointment process ([hindustantimes.com](https://www.hindustantimes.com))By Anupam Kulshreshtha | Mar 23, 2023

If free and fair elections are the backbone of a democracy, an independent audit system is crucial for a country’s financial hygiene and ensuring that the process of State welfare delivery is error-free.

In a pathbreaking judgment on March 2, the Supreme Court (SC) ruled that the President will appoint the Chief Election Commissioner (CEC) and elections commissioners (ECs) on the advice of a committee consisting of the Prime Minister (PM), Leader of the Opposition (LoP) in the Lok Sabha, and the Chief Justice of India (CJI). This was hailed as an important step to ensure the independence of the poll body.

If free and fair elections are the backbone of a democracy, an independent audit system is crucial for a country’s financial hygiene and ensuring that the process of State welfare delivery is error-free. To ensure both, it is essential that the Comptroller and Auditor General of India (CAG) — the nation’s supreme audit institution (SAI) — is appointed in a free and fair manner. Unfortunately, the CAG

appointment process, as prescribed under Article 148 of the Constitution, is not transparent.

The CAG's Duties, Power and Conditions of Service Act, 1971, defines the duties and powers of the top official. The procedure starts with the cabinet secretary preparing a shortlist of names, which is approved by the finance minister and then placed before the PM, who then recommends a name to the President. There are no criteria for the shortlist. The Constitution or the 1971 Act does not even prescribe any required qualifications for candidates. This compromises the independence of CAG vis-à-vis the executive and weakens the independence of the auditing process.

The issue that CAG should be placed above the influence of an executive authority was discussed in the Constituent Assembly (CA). Dr BR Ambedkar felt CAG "ought to have far greater independence than the judiciary itself" and said that he saw CAG as "probably the most important officer in the Constitution of India". During these debates, Dr Ambedkar also dwelt on the absence of power (to CAG) compared to the judiciary and said: "[this] means that the staff of the auditor general may be appointed by the executive and can be subjected to disciplinary action".

He added, "I have not the slightest doubt in my mind that if an officer does not possess the power of disciplinary control over his immediate subordinates, his administration is going to be thoroughly demoralised. From that point of view, I should have thought that it would have been proper in the interest of the people that such a power should have been given to the auditor general." However, he did not press this point and said, "But, sentiment seems to be opposed to investing the Auditor-General with such a power."

How do other countries appoint SAIs?

The National Audit Office is the top auditor of the United Kingdom (UK). The Exchequer and Audit Act of the UK (1983) provides that the selection will be done by the PM and the chairman of the committee of public accounts, and ratified by the House of Commons. The UK uses a recruitment consultant for the process. The company uses its corporate networks, places online and newspaper ads to encourage applicants. The recruiting consultants produce a short list of suitable candidates from a pool of applicants for the hiring panel chaired by the Public Accounts Committee.

In the United States, the comptroller general heads the government accountability office (GAO), an agency within the federal government's legislative branch. The President appoints the comptroller general with the advice and consent of the Senate. When a vacancy arises, Congress establishes a bipartisan, bicameral commission recommending individuals to the President.

Japan has a board of audit with an audit commission comprising three commissioners and a general executive bureau. A commissioner is appointed with the cabinet's consent of both Houses of the Diet. The cabinet appoints the president of the board.

The constitution of Sri Lanka provides that the auditor general shall be a qualified auditor and should be appointed by the president, subject to the approval of the constitutional council.

Like these examples, India must also formulate transparent and strict guidelines for the CAG appointment process. A committee comprising the Lok Sabha speaker, CJI, the chairman of the Public Accounts Committee, and the Leader of the Opposition should be constituted to shortlist names for CAG, and at least three names should be forwarded to the President to make the final selection. <https://www.hindustantimes.com/opinion/india-needs-a-free-and-fair-cag-appointment-process-101679582980525.html>

STATES NEWS ITEMS

3. Irregularities in purchase of 63 lakh books for Haryana college libraries: CAG report ([indianexpress.com](https://www.indianexpress.com)) March 24, 2023

The latest report of the Comptroller of Auditor General (CAG) has alleged irregularities in the purchase of over 63 lakh books for libraries of Haryana's government colleges in 2019.

The higher education department paid nearly Rs 4 crore to the publishers in October 2019.

According to the report tabled in the state assembly on Wednesday, the department did not follow the instructions regarding purchase of books worth Rs 4 crore as the power to finalise the purchases valuing over Rs 1 crore was vested with the High Power Purchase Committee of the state government.

On the other hand, the then higher education director in April 2019 constituted a state-level purchase committee (SLPC) of five members headed by a principal of Panchkula's government college for centralised purchase of books for all the libraries located in 149 government colleges in the state.

Now, the CAG auditors have insisted that the SLPC selected the books without any notification/advertisement for wide publicity among publishers.

“Even SLPC did not prepare the minutes detailing the basis of selection of publishers as well as books. The system adopted by the department was not fair and competitive. Hence, the process of selection of publishers as well as books was arbitrary and lacked objectivity, fairness and transparency,” mentioned the CAG report.

The auditors have also observed that since this was a centralised purchase for 149 colleges and consolidated payment on behalf of all the colleges was made by the higher education director to the publishers, the department was eligible for availing of the discount ranging between 25% and 35% on bulk order for 63,77,236 copies of selected books.

“Availing of lesser discount at the rate of 10% resulted in excess expenditure of Rs 79.96 lakh,” says CAG report.

The scrutiny of records further revealed that undue payment of Rs 10.44 lakh was made to three publishers on account of quoting extra price in the offered price list over original printed price of the books which was required to be verified by the SLPC during selection of books.

Further, according to the CAG report, 48 colleges reported that books worth Rs 2.18 lakh were found missing from the consigned books as mentioned in the list of books and no action against the publishers was taken by the department. “Failure of the department to verify the receipt of books as per placed purchase order before making payment in October 2019 resulted in an additional loss of Rs 12.62 lakh.”

Further, the report alleges, the then higher education director issued an undated certificate regarding receipt of the books in good condition by the colleges without verifying the same from all 149 colleges.

“Thus, (there was) failure of the department to comply with government instructions in purchase of high value books and overall negligence in purchase activity,” mentions the report.

Thus, the auditors say, failure of the higher education department to comply with government instructions in purchase of high value books and overall negligence in purchase activity resulted in avoidable expenditure of Rs 92.58 lakh.

On its part, the department told the auditors that the process of reconciliation, recovery from the publishers and fixing of responsibility of departmental officials is being initiated. The officials claimed that Raja Ram Mohan Roy Library Foundation (RRMRLF) Kolkata’s guidelines are being followed by the higher education department.

The department officers said they would examine whether purchase of books above Rs 1 crore would fall under the purview of the High Power Purchase Committee, adding that “copyrights are involved and books purchased are likely to be property of publishers concerned”.

However, the auditors have observed that the process of reconciliation should have been carried out at the time of purchase.

“The department followed RRMRLF guidelines but failed to comply with the provisions of discounts from publishers at the time of purchase,” says the CAG report. <https://indianexpress.com/article/cities/chandigarh/haryana-college-libraries-cag-report-8515686/>

4. Haryana gave ₹41-Cr cash awards to over 4k ineligible athletes, says CAG report ([hindustantimes.com](https://www.hindustantimes.com/haryana-news/haryana-gave-41-crore-cash-awards-to-over-4k-ineligible-athletes-says-cag-report/)) March 24, 2023

In September 2019, the state government notified a cash award scheme, applicable from April 2017, for the grant of cash awards to junior and sub-junior categories, inclusive of youth and cadet category tournaments for international and national competitions which were not a part of earlier sports policies of the state government, the audit said

More than 4,000 ineligible junior and sub-junior category sportspersons were rewarded with cash prizes amounting to ₹41.30 crore by the Haryana government, during the 2004-05 to 2015-16 period, an audit conducted by the Comptroller and Auditor General (CAG) of India has found.

The CAG report pertaining to matters arising from compliance audit of government departments, autonomous bodies and public sector undertakings of the Haryana government which was tabled in the state legislature on March 22 said that cash awards for junior and sub-junior categories which were sanctioned by the government for disbursement on the basis of recommendations of the sports directorate were not admissible as per the Haryana Sports and Physical Fitness Policies prior to 2016-17.

“The department paid an amount of ₹41.30 crore to ineligible individuals during that period. The state government should fix responsibility of concerned officers for the violation of sports policy, which resulted in the irregular payment of cash awards to ineligible sportspersons,” the CAG said in its recommendation.

While in 2004 Indian National Lok Dal (INLD) government was at the helm with chief minister OP Chautala holding the sports portfolio, the state in the 2005-2009 period was ruled by Congress with Tosham MLA Kiran Choudhry as Minister of State (MoS) for sports.

During the second successive Congress rule in 2009, chief minister, Bhupinder Singh Hooda held the Sports portfolio with Gopal Kanda as MoS, Sports attached with the CM. However, there was a reshuffle later and the sports portfolio was allocated to MoS Sukhbeer Kataria. In 2015 when the BJP formed the government in the state Anil Vij held the sports portfolio.

The report said that the Haryana government and sports department in August 1993 laid down parameters for the grant of cash awards to outstanding sportspersons for their excellent performance in the international and national competitions in the recognised sports disciplines. As per the rules, cash awards are given to outstanding sportspersons in nine identified competitions conducted by different recognised international and national sports bodies. These are the Olympics, World Championship, Commonwealth Games, Asian Games, Asian Championship, National School Games, All India Women Sports, All India Civil Service Tournaments and All India Interstate Board.

Haryana’s Sports Policy was revised with the introduction of nine new identified competitions in 2001 and 2009. “The 2015 policy introduced three new competitions under the youth category along with a revision in cash award incentives. Junior and sub-junior category competitions were not included in all these policies,” the report said.

In September 2019, the state government notified a cash award scheme, applicable from April 2017, for the grant of cash awards to junior and sub-junior categories, inclusive of youth and cadet category tournaments for international and national competitions which were not a part of earlier sports policies of the state government, the audit said.

The procedure as followed by the department provided that the applications were invited from sportspersons relating to the concerned district. After scrutiny of these applications by the concerned district sports officers and then by a directorate-level committee, recommendations were sent to the state government for grant of cash awards to eligible sportspersons.

Scrutiny of records of the sports director and eight district-level offices from April 2021 to December 2021 period revealed that the department paid cash awards amounting to ₹41.30 crore to 4,256 individuals during 2004-05 to 2015-16 under junior and sub-junior categories, which also included youth and cadet categories for international and national competitions conducted by recognised sports bodies, the report said.

These categories (junior and sub-junior) were not eligible for any cash award scheme before the notification issued in September 2019, making them eligible from 2016-17 onwards, it said.

‘Record destroyed by termites, flooding, roof leakage’

The CAG scrutinised 480 cases out of 4,256 cases (2004-05 to 2015-16) under junior and sub-junior categories for examining the records of the claims of the ineligible sportspersons. Audit observed that out of eight selected district sports officers (DSOs), Kurukshetra and Jhajjar did not produce any records related to 269 ineligible individuals to whom the department paid the cash award during 2004-05 to 2015-16 on the plea of flooding of the office building and fire incident in February 2016. Further, it was noticed that of the balance 211 cases, only 90 application forms were produced for the audit in the remaining six selected districts on the ground that records were destroyed due to flooding water, termites and roof leakage.

Uncertified application forms found

Out of 90 application forms produced for audit, 22 cases were not certified by two DSOs, and in 15 cases, relating to three DSOs, application forms were not certified

by sports federations. It was further observed that in nine cases, the concerned school principal did not attest photo of the claimant, and in one case, the signature of the claimant was missing. Hence, the authenticity of claims could not be assessed in the audit.

“DSOs recommended and forwarded the names of sportspersons without verifying the admissibility of each individual claimant against the participation in the identified competition as notified in sports and fitness policy. Further, the committee constituted at directorate level certified the eligibility and entitlement of ineligible sportsperson for distribution of the cash awards,” the audit found.

ACS, sports admitted to payment of cash awards

Additional chief secretary, sports, in April 2022 admitted that the department paid cash awards to junior and sub-junior categories tournaments for corresponding tournaments mentioned in different sports policies for 2004-05 to 2015-16, although junior and sub-junior tournaments were not mentioned in these policies.

“However, this situation arose as the policy was silent that cash award was not to be given for junior and sub-junior tournaments. This fact was also brought to the notice of the chief minister, who on June 15, 2018, ordered to frame policy of giving cash awards to junior, sub-juniors, and youth category athletes,” the ACS told the audit. <https://www.hindustantimes.com/cities/chandigarh-news/haryana-gave-41-cr-cash-awards-to-over-4k-ineligible-athletes-says-cag-report-101679601025427.html>

5. CAG questions cash awards of Rs 41 crore to ‘ineligible’ sportspersons in Haryana ([indianexpress.com](https://www.indianexpress.com)) March 24, 2023

The Comptroller of Auditor General (CAG) has alleged that total cash awards to the tune of Rs 41.3 crore were given to as many as 4,256 “ineligible” junior sportspersons in Haryana from 2004-05 to 2015-16.

In its report, which was tabled in the Haryana Vidhan Sabha on Wednesday, the CAG has recommended fixation of responsibility of the officers concerned for the violation of government sports policy which resulted in irregular payment of cash award to ineligible sportspersons. On their part, the government officials stated that the then policies were silent on this issue. A scheme to give cash awards to junior/sub-juniors/youth category athletes was notified in 2019 – applicable from April 2017 – only after the matter was brought to the notice of the chief minister.

For cash awards to sportspersons for their excellent performance in international and national competitions in the recognised sports disciplines, the Haryana government had laid down the parameters in 1993. Subsequently, the sports policies were amended, but junior and sub-junior category competitions were not included in all these policies.

The auditors of the CAG scrutinised the records of the sports department, including eight district-level offices, from April 2021 to December 2021. The scrutiny revealed that the department paid cash awards amounting to Rs 41.30 crore to 4,256 individuals under junior and sub-junior categories which also included youth and cadet categories for international and national competitions conducted by recognised sports bodies.

The auditors observed that out of eight selected districts for the audit process, the officers of Kurukshetra and Jhajjar (August 2021 and December 2021) did not produce any records related to 269 “ineligible individuals” – to whom the department had paid the cash award from 2004-05 to 2015-16 – on the grounds of flooding of the office building and fire incident in February 2016.

According to the CAG, the officials at some places also said that records were destroyed due to flooding, termites and roof leakage. In 22 cases, application forms were not certified by officials and in 15 cases, application forms were not certified by the sports federation. It was further observed that in nine cases, the principals of the schools concerned did not attest the photo of the claimant and in one case (Jind), signature of the claimant was missing.

According to the audit report, some district officers recommended and forwarded the names of sportspersons without verifying the admissibility of each individual claimant for participation in the competitions as notified in Sports and Fitness Policy. <https://indianexpress.com/article/cities/chandigarh/haryana-sportspersons-cash-awards-cag-probe-8515690/>

6. Flouting e-tendering norms, Faridabad MC favoured contractor over 5 years: CAG (tribuneindia.com) Mar 24, 2023

The Comptroller and Auditor General (CAG) has highlighted that the Faridabad Municipal Corporation (MC) paid Rs 183.83 crore to a single contractor for different works between April 2015 and June 2020 by flouting the prescribed e-tendering process.

The Anti-Corruption Bureau, Haryana, is also probing the scam and two IAS officers are under the scanner. The CAG report was tabled before the Vidhan Sabha yesterday.

From the audit of the period between April 2018 and March 2019, the CAG assessed that Rs 7.85 crore was paid for 164 development works to contractor Satbir Singh and his agencies with slight variation in the name of the agency but having the same Taxpayer Identification Number (TIN). The works for which payments were made included the repair of drains, stone metal supply and cement concrete work in interlocking paver blocks.

The names of different agencies having the same address included Satbira Construction Pvt Ltd, Satvi Construction Pvt Ltd, Satvi Precast Pvt Ltd and Satvi Traders Pvt Ltd.

The development works were executed against quotations received from Satbir Singh. "In 18 cases, quotations were unsigned, while the date of obtaining quotations was missing in five," the report says.

Neither a detailed estimate for these works was prepared, nor technical sanction taken. These works were recorded in measurement books, which were not produced for the audit.

Also, Rs 4.60 crore was paid in August 2017 for 96 works and Rs 4.48 crore in March 2017 for 100 works to the same contractor by keeping every bill below Rs 5 lakh. These works were allotted on a quotation basis and without the approval of any detailed estimate.

Audit observations regarding Rs 16.93 crore for 360 works were issued in August 2019 to the MC through an inspection report for 2018-19. It came to the notice of the councillors when they were provided information by the accounts branch of the MC on May 28, 2020. They complained to the Commissioner that 388 works referred to in the May 28, 2020, letter were not executed in their wards.

The Commissioner formed a committee to probe the case, which concluded in March 2021 that the contractor and the junior engineer (JE) concerned failed to show even a single work executed out of the list of 388 works. The suspension of a regular JE along with the dismissal of services of another JE hired on the outsourcing basis and registration of criminal proceedings against both was recommended.

The CAG found that despite the constitution of an inquiry committee in May/July 2020, Rs 7.70 crore was paid to Satbir Singh for works. In total, payment of Rs 183.83 crore was made to him between April 2015 and June 2020.

The CAG has recommended thorough investigation against contractor and the erring officials.

What the report says

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-They complained to the MC Commissioner that 388 works referred to in the May 28, 2020, letter were not executed in their wards.
<https://www.tribuneindia.com/news/haryana/flouting-e-tendering-norms-faridabad-mc-favoured-contractor-over-5-years-cag-490774>

7. Rs 41.30 cr scam in cash awards to sportspersons: CAG report ([tribuneindia.com](https://www.tribuneindia.com)) Mar 24, 2023

Haryana, considered the sports powerhouse of the country, distributed cash awards worth Rs 41.30 crore to ineligible sportspersons, says the Comptroller and Auditor General (CAG) report. The CAG report was tabled before the Vidhan Sabha on March 22.

The Sports and Youth Affairs Department (SYAD) of Haryana had laid down the parameters for the grant of cash awards to outstanding sportspersons in international and national competitions in August 1993.

As per the rules, cash awards are given in nine identified competitions. The Haryana Sports Policy was revised with the introduction of nine new identified competitions in 2001, which was further revised in 2009. The Haryana Sports and Physical Fitness Policy, 2015, introduced three new competitions under the youth category.

However, the junior and sub-junior category competitions were not included in all above policies. Later in September 2019, the department notified the cash award

scheme for cash awards to junior and sub-junior categories too inclusive of youth and cadet categories tournaments with effect from April 2017.

“The scrutiny of records of the Director, SYAD, and eight district-level offices (Bhiwani, Hisar, Jhajjar, Jind, Kaithal, Kurukshetra, Sonapat and Rohtak) out of 22 District Sports & Youth Affairs Officers (DSYAOs) revealed that the department paid cash awards amounting to Rs 41.30 crore to 4,256 individuals (in the whole state) during 2004-05 to 2015-16 under junior and sub-junior categories, which also included youth and cadet categories for international and national competitions conducted by recognised sports bodies,” said the CAG report.

The junior and sub-junior categories were not eligible for any cash award prior to the notification issued in September 2019. During this period, 2,467 junior players received Rs 23.15 crore, 1,494 sub-junior players got Rs 14.17 crore and 187 youth players were awarded Rs 2.19 crore. Also, 108 cadet players got Rs 1.79 crore.

The audit scrutinised 480 out of these 4,256 cases, provided by eight selected district-level offices, for examining the records of the claims of the ineligible sportspersons. It was observed that DSYAO, Kurukshetra, and Jhajjar did not produce any records related to 269 ineligible individuals on the plea of the flooding of the office building and fire incident in February 2016.

Further, it was noticed that out of the balance 211 cases, only 90 application forms were produced to audit in balance six selected districts on the grounds that records were destroyed due to flooding water, termites and roof leakage.

“Out of the 90 application forms produced, 22 cases were not certified by two DSYAOs and in 15 cases relating to three DSYAOs, application forms were not certified by the Sports Federation. It was further observed that in nine cases, the principals concerned of the school did not attest the photo of the claimant and in one case, the signature of the claimant was missing (DSYAO, Jind). Hence, the authenticity of the claims could not be assessed in the audit,” says CAG.

In reply, the Additional Chief Secretary, SYAD, admitted (April 2022) the facts. When the fact was brought to the notice of the CM on June 15, 2018, he ordered to frame the policy of giving cash awards to junior, sub-junior and youth category athletes. The final action is still awaited from the department, said CAG.

Records 'got destroyed' in flooding, fire

-District Sports & Youth Affairs Officers, Kurukshetra, and Jhajjar did not produce any records related to 269 ineligible individuals on the plea of flooding of the office building and fire incident in 2016

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-As per the rules, cash awards are given in nine identified competitions. The Haryana Sports Policy was revised with the introduction of nine new identified competitions in 2001, which was further revised in 2009
<https://www.tribuneindia.com/news/haryana/41-30-cr-scam-in-cash-awards-to-sportspersons-cag-report-490761>

8. Panchkula News: वेयरहाउस के गोदामों में साल दर साल सड़ता रहा गेहूं (amarujala.com) 24 March 2023

चंडीगढ़। पंजाब में वेयरहाउसिंग कारपोरेशन के गोदामों में खुले में स्टोर किया गया गेहूं साल-दर-साल सड़ता रहा। कई स्थानों गेहूं का यह नुकसान 88 से 100 फीसदी तक आंका गया है। पंजाब विधानसभा की सरकारी कारोबार कमेटी ने कैग की रिपोर्ट के हवाले से संबंधित विभाग की 2014-2017 तक की कारगुजारी पर सवाल खड़े किए हैं। गोदामों में बारिश और धूप के कारण गेहूं के भंडार सड़ते रहे और कई जगह गेहूं के भंडार गायब होने के मामले भी सामने आए। इस पूरे मामले में 235.25 करोड़ रुपये के नुकसान की रिकवरी के लिए जो मैकनिजम बनाया गया, वह भी सफल साबित नहीं हुआ है।

पंजाब विधानसभा में पेश की गई कमेटी की 2022-23 की रिपोर्ट के अनुसार, पंजाब एग्री इंडस्ट्रीज कारपोरेशन ने गोदामों में निर्धारित स्टाफ की नियुक्ति ही नहीं की और केवल एक कर्मचारी तैनात कर काम चलाया। इसके कारण 2014 से 2017 तक प्रत्येक वर्ष 88 से 100 फीसदी तक गेहूं बर्बाद हो गया। कमेटी ने पाया कि इस नुकसान की भरपाई के लिए विभाग द्वारा जो कोशिशें की गईं, वह भी ठोस साबित नहीं हुईं। कारपोरेशन के मोगा, बठिंडा व मुक्तसर के जिला कार्यालयों की सितंबर 2014 से जून 2016 की जांच में पाया

गया गोदामों में खुले में स्टोर की गई गेहूं की पर्याप्त संभाल नहीं की गई और न ही समय पर कीटनाशक आदि का छिड़काव किया गया। इस जिला दफ्तरों में गेहूं 62 प्लिंथ में भंडार की गई थी, जिनमें से 26 प्लिंथ में 26.97 से 100 फीसदी गेहूं खराब हो गई। इसी तरह 2017-18 की आडिट रिपोर्ट में उक्त 26 प्लिंथ में भंडार की गई 1.86 लाख टन गेहूं में से 0.88 लाख टन (47.31 फीसदी) गेहूं खराब हुई।

कमेटी ने माना कि गेहूं को खुले में स्टोर करने के कारण यह नुकसान हुआ, जिसके लिए अधिकारी जिम्मेदार हैं लेकिन कमेटी ने पाया कि विभाग ने जिम्मेदार अधिकारियों के बजाय छोटे मुलाजिमों को कसूरवार ठहराते हुए उन पर नुकसान की रिकवरी डाल दी। इनमें फर्टिलाइजर क्लर्क पर 1.56 लाख, टेक्निकल असिस्टेंट पर 26 करोड़, स्टोर मैनेजर पर 77 लाख रुपये की रिकवरी डाल दी गई। कमेटी का कहना है कि यह रिकवरी किसी स्थिति में नहीं हो सकती क्योंकि नियमानुसार किसी भी मुलाजिम के वेतन से 40 फीसदी से अधिक की कटौती नहीं की जा सकती। कमेटी ने विभाग से पूछा है कि उच्च अधिकारियों को जिम्मेदारी से अलग कैसे रखा गया? कमेटी का मानना है कि निचले स्तर के मुलाजिम अपने दम पर इतनी बड़ी गड़बड़ी नहीं कर सकते। कमेटी ने कहा है कि विभाग द्वारा 235.25 करोड़ की बड़ी राशि 15 कर्मचारियों से वसूलने के लिए चार्जशीट जारी की हैं लेकिन इनमें से अनेक कर्मचारी रिटायर हो चुके हैं और कुछ कर्मचारियों की मौत भी हो चुकी है। कमेटी ने हिदायत की गई है कि पूरी रिकवरी उच्चाधिकारियों से की जाए।
<https://www.amarujala.com/haryana/panchkula/wheat-kept-rotting-year-after-year-in-the-godowns-of-the-warehouse-pkl-office-news-c-16-1-pkl1037-95726-2023-03-24>

9. कैग के ऑडिट में खुलासा:मगनरेगा के खर्च में कागजों में बना दिया पार्क और मैदान, छप्पड़ पर बार-बार खर्च होते रहे फंड्स ([bhaskar.com](https://www.bhaskar.com)) 24 March 2023

जालंधर। जिले में मगनरेगा में फंड्स के खर्च में कैग के ऑडिट में गड़बड़ी पाई गई है। जिले में पार्क निर्माण, छप्पड़ के किनारे दीवार का निर्माण, छप्पड़ की सफाई, खेल मैदान के निर्माण में लाखों रुपए का खर्च दिखाया गया। ये काम कंप्लीट बताए गए। जब ऑडिट करने वाली टीम मौके पर पहुंची तो काम अधूरे पाए गए।

जालंधर को 2017-18 में 57.78 लाख रुपए मगनरेगा में मिले थे, 2018-19 में 56.53 लाख, 2019-20 में 61.20 लाख और 2020-21 में 58.21 लाख रुपए मिले थे। कंट्रोलर ऑडिट जनरल के ऑडिट में मगनरेगा के क्वालिटी में गड़बड़ियां, मनाही के बावजूद जेसीबी मशीनों के इस्तेमाल पर फंड्स के खर्च पर पैसे की बर्बादी का खुलासा हुआ है।

अब ऑडिट जनरल ने व्यवस्थागत सुधारों का सुझाव दिया है ताकि पैसे की बर्बादी रुक सके। जब काम केवल कागजों में ही करवाए जाएं तो इसका अर्थ है कि कागजों में ही लोगों को रोजगार उपलब्ध करा दिया गया है, जिससे गांवों में रोजगार उपलब्ध कराने का मकसद पूरा नहीं हो रहा है।

मगनरेगा के कामों में गड़बड़ियों के दो प्रमाण

ऑडिट रिपोर्ट में गड़बड़ियां उजागर होने के बाद ऑडिट जनरल ने पैसे की बर्बादी रोकने के लिए सुझाव दिए हैं। कहा है कि फंड रिकॉर्ड की वेरिफिकेशन के बाद ही जारी किया जाए। गुणवत्ता को लेकर लोगों से कामों की तस्दीक भी करवाई जानी चाहिए।

एक दीवार बनाकर कागजों में दिखाया पार्क निर्माण...

मेहतपुर में परजियां खुर्द के पार्क के निर्माण में मगनरेगा श्रमिक लगाए। 1.90 लाख मंजूर हुए। पार्क निर्माण कागजों में पूरा दिखाया, जिसमें 97 हजार खर्च हुए। इसमें श्रमिकों को 25 हजार दिए व 72 हजार का मटीरियल दिखाया। टीमों की जनवरी 2022 की फिजिकल वेरिफिकेशन में मौके पर सिर्फ पार्क की एक आधी अधूरी पार्क दिखाई।

लोहियां के रूपेवाल में खेल मैदान में गड़बड़ी...

गांव रूपेवाल में खेल मैदान को 6.10 लाख रुपये खर्च हुए। ये 796 दिहाड़ियों के रोजगार के मद्देनजर बनाया गया था। ये काम 2020-21 में होना था। यहां 30 हजार रुपये खर्च करके काम बंद कर दिया। जिस जमीन पर खेल मैदान बनाना था, वहां गांव का गंदा पानी गिरता है। ये पैसे की बर्बादी वाली प्रोजेक्ट मंजूर कराया गया।

बार-बार छप्पड़ों की सफाई...

छप्पड़ों की बार-बार सफाई पर 2017-18 से लेकर विभिन्न जगहों पर 35 लाख रुपये खर्च दिए। इसके अलावा मेहतपुर के गांव अवान खालसा में छप्पड़ की दीवार बनाने पर अक्टूबर 2018 में 7.01 लाख मंजूर कराए। कागजों में काम कंप्लीट बताया, मौके पर दीवार अधूरी बनी पाई गई।

गड़बड़ियां रोकने के लिए कैग ने चार सुझाव दिए

स्टेट लेवल पर विस्तृत मॉनिटरिंग की जाए। इसके लिए व्यवस्थागत प्रबंधन हो। 2. सोशल ऑडिट करवाया जाए यानी लोग खुद कामों की क्वालिटी को तस्दीक करें। गुणवत्ता का भी पता लग सके। 3. सरकारी स्कीमों में जो स्टाफ को नियुक्त कराना है, मगनरेगा वर्कर्स को शामिल करना है, उनकी मानवीय शक्ति की सही असेसमेंट व एस्टीमेट हो। 4. रिकॉर्ड की वेरिफिकेशन के बाद ही फंड जारी हों। मगनरेगा का रिकॉर्ड कारगर तरीके से संभाला जाए।

<https://www.bhaskar.com/local/punjab/jalandhar/news/park-and->

[grounds-were-made-on-paper-at-the-expense-of-mgnrega-funds-were-being-spent-again-and-again-on-chhappad-131076472.html](https://tribuneindia.com/story/131076472.html)

10. Punjab House panel for VB probe into Rs 607-crore grain 'scam'
(tribuneindia.com) Mar 24, 2023

A Vidhan Sabha committee has recommended a Vigilance probe into a 'foodgrain scam' of Rs 607 crore at Punjab Agro Foodgrains Corporation Limited and the Punjab State Warehousing Corporation.

Presenting a report of the corporation in the Assembly on Wednesday, chairman of the 16th committee of Punjab Agro Foodgrains Limited MLA Principal Budh Ram said such a big scam was not possible without the involvement of top officials. But junior officials were being made scapegoat.

The scam pertains to 2014-15 to 2017-18. It surfaced when the Comptroller and Auditor General's (CAG) report found that due to inadequate storage arrangements, Punjab Agro Foodgrains Corporation Limited and the Punjab State Warehousing Corporation allowed the rotting of wheat worth Rs 607 crore.

The fact came to the fore in a report prepared by the CAG. As per the report tabled in the Vidhan Sabha on Thursday, "The inadequate storage arrangements, improper storage conditions, poor preservation of stock and the storage of fresh wheat with infested wheat resulted in the loss of Rs 607.57 crore during 2014-15 to 2017-18."

It said: "Further, the delay in disposal of the damaged wheat resulted in incurring an expenditure of Rs 8.57 crore on rent and security of storage spaces where damaged wheat was kept."

As per the report, the responsibility of junior officials have been fixed in such a huge embezzlement. Prima facie, it raises suspicion.

The committee, in its report, said such a huge embezzlement was not possible without the involvement of the top officials. "An inquiry should be done again so that the money could be recovered from the real culprits," it said.

The committee recommended a mechanism be devised so that the recovery could be made by auctioning the properties of the officials, who are responsible for the embezzlement.

Since the scam is worth crores, the committee has recommended to the Chief Secretary to get a probe conducted by the Vigilance Bureau. “The committee should be apprised of the action taken report,” it said.

The rotten grain was sufficient to feed 1.36 crore beneficiaries under the Atta-Dal Scheme for three months.

Was sufficient to feed 1.36 crore

-The rotten grain was sufficient to feed 1.36 crore beneficiaries under the Atta-Dal Scheme for three months.

-The delay in disposal of the damaged wheat resulted in an expenditure of Rs 8.57 crore on rent and security of storage spaces where damaged wheat was kept

Top officials involved

-Embezzlement at such a large scale was not possible without the involvement of top officials. An inquiry should be held again so that the money could be recovered from the culprits. — Panel. <https://www.tribuneindia.com/news/punjab/house-panel-for-vb-probe-into-607-crore-grain-scam-490724>

11. CAG flags violations in implementation of Centrally-sponsored housing scheme (thehindu.com) 23 March 2023

In its compliance audit report, the CAG found that 1,175 male beneficiaries were selected for grant of subsidy in violation of scheme guidelines. Eleven beneficiaries whose annual income was in excess of the prescribed ceiling limit of ₹ three lakh were granted subsidy in contravention to the scheme guidelines

The Comptroller and Auditor General of India (CAG) has flagged violations in the grant of housing subsidy and flaws in scrutiny of selection of beneficiaries in the implementation of the beneficiary-led construction component of Pradhan Mantri Awas Yojana (PMAY) Urban in the Union Territory of Puducherry.

In its compliance audit report of the flagship Centrally-sponsored scheme, the CAG found that 1,175 male beneficiaries were selected for grant of subsidy in violation of scheme guidelines. Eleven beneficiaries whose annual income was in excess of the prescribed ceiling limit of ₹ three lakh were granted subsidy in contravention to the scheme guidelines.

The beneficiary-led house construction is one of the components of the PMAY-Housing For All (Urban) Mission under which assistance is provided to individual eligible families belonging to EWS categories to either construct new houses or enhance existing houses on their own, to include beneficiaries, who are not able to take benefits of other components of the mission.

The CAG audit observed that scheme guidelines were not adhered to and ₹18.95 crore was released in advance to the beneficiaries who had not started construction of their houses or which were in semi-constructed stage.

It also found that even though 44,315 beneficiaries were found eligible for the scheme, 16,013 potential beneficiaries were deprived of the benefits as two components of the scheme were not implemented in the Union Territory. In the selection of beneficiaries, proper scrutiny of applications was not done which resulted in deletion of 2,120 beneficiaries from the approved list, the report stated. <https://www.thehindu.com/news/cities/puducherry/cag-flags-violations-in-implementation-of-pmay-the-centrally-sponsored-housing-scheme/article66653592.ece>

12. CAG faults PWD for lack of strategic plans for water supply in Pondy
(devdiscourse.com, latestly.com, newsdrum.in) 23 March 2023

As such Rs 75.29 crore meant for these water supply works have been parked in the bank by the PSCDL for more than three years resulting in deprival of facilities identified under the Government of India funding.

The Comptroller and Auditor General (CAG) of India report relating to the Puducherry government tabled in the Assembly by Chief Minister N Rangasamy on Thursday pointed out that the Public Works Department (PWD) had not prepared "long term and strategic plans, and hence water supply needs of the public could not be addressed as envisaged".

The report for the year ended March 2021 stated that "the available sources of water like waterbodies and lakes were not considered for augmentation of supply of water. There was also lack of enforcement mechanism by the PWD and planning authorities in recharging the ground water through rainwater harvesting (RWH) system," it said.

A sum of Rs 75.29 crore relating to water supply schemes under 'Smart City Mission' was parked in a bank account for three years "depriving the facilities

identified". The report also said that "under the smart city project of the Government of India, the Puducherry municipal area was selected (March 2017) for enhancement of quality of life by improving smart civic infrastructure including provision of water supply".

The Puducherry Smart City Development Limited (PSCDL) established for this purpose had proposed various schemes which included "urban water supply schemes" at an estimated cost of Rs 75.29 crore.

The report noticed that even after lapse of more than four years of formation of the PSCDL and receipt of first instalment of Rs 158 crore, none of the components of water supply schemes had been identified and taken up for execution till date.

As such Rs 75.29 crore meant for these water supply works "have been parked in the bank by the PSCDL for more than three years resulting in deprival of facilities identified under the Government of India funding".

The report stated that the intended objective of creation of water supply facilities remained "unachieved". The report stated that 13 new water supply works in Puducherry and one work in Karaikal at a cost of Rs 212.65 crore taken up during the period 2016-2017 to 2020-2021 were either not completed, or done with "avoidable delays".

The report noted that "the quality of water being supplied to public was poor due to non-chlorination, direct supply of water to households from borewells, non-cleaning of overhead tanks and existence of high levels of TDS (total dissolved solids) or chloride".

It was also stated that there were arrears of Rs 49.44 crore under water charges to be collected from the public. <https://www.devdiscourse.com/article/science-environment/2390927-cag-faults-pwd-for-lack-of-strategic-plans-for-water-supply-in-pondy>

13. CAG pulls up Public Works Department for its failure to prepare long-term plans to address water supply needs (thehindu.com) 23 March 2023

According to CAG's observations, 13 new water supply works in Puducherry and one in Karaikal taken up at a cost of ₹212.65 crore during 2016-17 to 2020-21 were either not completed or completed with avoidable delays

Puducherry: In a rap to the Public Works Department (PWD), the Comptroller and Auditor General of India (CAG) has found, among other observations, that 13 new water supply works in Puducherry and one work in Karaikal at a cost of ₹212.65 crore taken up during the period 2016-17 to 2020-21 were either not completed or completed with avoidable delays.

In its compliance audit on 'Urban Water Supply in the Union Territory of Puducherry' for the year ended March 2021, which was among the important findings shared with the media by K.P. Anand, Principal Accountant General, the CAG noted that out of 13 ground-level reservoirs, the PWD had carried out desilting work only in one ground-level reservoir during 2016-21.

Pulling up the department for its failure to prepare long-term and strategic plans to address the water supply needs of the public, the CAG noted that an amount of ₹75.29 crore released for water supply schemes under Smart City Mission was parked in bank account for three years depriving the facilities identified.

Due to the lack of planning, the available sources of water like waterbodies/ lakes were not considered for augmentation of supply of water. The management of water supply suffered from non-execution of desilting of reservoirs and non-installation of energy-efficient water pumps resulting in foregoing of energy cost saving of ₹7.66 crore per annum.

The audit also observed that the quality of water being supplied to the public was poor due to non-chlorination, direct supply of water to households from borewells, non-cleaning of overhead tanks and existence of high levels of TDS/chloride, etc.

There was lack of enforcement mechanism by PWD and planning authorities in recharging the ground water through Rain Water Harvesting system. There were also instances of wastage of water without secondary use due to non-installation of sewage treatment plant and the wastage of 15.7 mld of treated water resulted in loss of ₹8.02 crore, the CAG report stated.

There were arrears of ₹49.44 crore of water charges to be collected from the public, according to the compliance audit report.
<https://www.thehindu.com/news/cities/puducherry/cag-pulls-up-public-works-department-for-its-failure-to-prepare-long-term-plans-to-address-water-supply-needs/article66653451.ece>

14. CAG finds deficiencies in Puducherry PWD's urban water supply
([newindianexpress.com](https://www.newindianexpress.com)) 24 March 2023

The report stated that there were instances of water wastage due to poor secondary use as there is no sewage treatment plant.

PUDUCHERRY: A report by the Comptroller and Auditor General of India (CAG) found deficiencies in the urban water supply by PWD in Puducherry for the year ending on March 31 2023. It also revealed that the quality of water supplied to the public is poor due to non-chlorination, direct supply from borewells, lack of overhead tank cleaning, and high levels of TDS/chloride presence.

The report stated that there were instances of water wastage due to poor secondary use as there is no sewage treatment plant. The wastage of 15.7 MLD treated water resulted in a loss of Rs 8.02 crore. A total of Rs 75.29 crore released for water supply schemes under the Smart City Mission remains in the account for the past three years.

Thirteen water supply projects in Puducherry and one in Karaikal taken up at a cost of Rs 212.65 crore during the period 2016-17 to 2020-21 were either uncompleted or completed with avoidable delays. Additionally, the non-installation of energy-efficient water pumps resulted in a failure to save Rs 7.66 crore/year, noted the report.

A contractor who supplied purified water within Puducherry received undue benefits, mentioned the report. Also, there are water charges arrears of Rs 49.44 crore which PWD was unaware of.

PWD did not prepare any comprehensive plan and hence the needs of people were not addressed properly. The available sources of water like lakes were not considered for supply. A lack of enforcement mechanism by PWD and Puducherry Planning Authority in recharging groundwater through Rain Water Harvesting was also noted despite it being mandatory for plot size of more than 100 sqft.
<https://www.newindianexpress.com/states/tamil-nadu/2023/mar/24/cag-finds-deficiencies-in-puducherry-pwds-urban-water-supply-2558896.html>

15. खंडहर बने एमपी के ये हेरिटेज, संकट में ओरछा और खजुराहो (mpbreakingnews.in) March 24, 2023

मध्यप्रदेश को भारत का दिल कहा जाता है। हर साल हजारों लोग यहां घूमने के लिए आते हैं। घूमने के लिहाज से एमपी सबसे बेस्ट माना जाता है। यहां कई हेरिटेज है जहां का इतिहास सबसे प्राचीन है। सबसे ज्यादा लोग ओरछा, खजुराहो, भोपाल और आसपास की जगहों पर प्राकृतिक, धार्मिक और ऐतिहासिक धरोहरों का दीदार करने के लिए जाते हैं। लेकिन इन्हीं में से कुछ स्मारकों और धरोहरों पर अब संकट मंडरा रहा है।

दरअसल, हमारी सभ्यता और संस्कृति के निशान जिन ऐतिहासिक धरोहरों में मौजूद है वह अब खंडहर बन गए हैं। कुछ को भूसा घर बना दिया है तो कोई कैफे बन चुका है। अतिक्रमण की वजह से कई धराहरों का वजूद खत्म होने की कगार पर है। खजुराहो, ओरछा, इस्लाम नगर समेत कई शहरों की विरासत संकट में है। क्योंकि ओरछा के शिव मंदिर को भूसा घर बना दिया गया है।

वहीं खजुराहो की विश्व विरासत को कैफे बना दिया। सबसे ज्यादा लोग इन जगहों का दीदार करने के लिए आते हैं। सिर्फ भारत ही नहीं विदेशों के लोग भी इन हेरिटेज का इतिहास जानने के लिए दूर-दूर से आते हैं। जानकारी के मुताबिक, जबलपुर में विष्णु वराह मंदिर पर भी कब्जा कर के वहां दुकान खोल दी गई है। ऐसे में प्रशासन भी इस पर कोई एक्शन नहीं ले रही हैं सभी मौन है।

एमपी के 64 स्थान अतिक्रमण की चपेट में

खुलासा नियंत्रक एवं महालेखाकर की रिपोर्ट में इसका खुलासा हुआ है। इस रिपोर्ट में सरकारी धरोहर और स्मारकों की पोल खोली गई। बताया जा रहा है कि एमपी के 64 से ज्यादा स्थान अतिक्रमण की चपेट में है। इस रिपोर्ट के सामने आने के बाद कैग ने कई सवाल खड़े किए हैं। क्योंकि अब इन हालातों से निपटने के लिए कोई साधन नहीं है। क्योंकि कई जगहों की हालत काफी ज्यादा खस्ता है।

कई जगहों का रखरखाव नहीं हो पा रहा है तो कहीं फायर अलार्म सिस्टम भी मौजूद नहीं है। इतना ही नहीं कई ऐसी जगह भी है जहां का सर्वे सालों से अधूरा है। उन जगहों में दतिया के सूर्य मंदिर, मंदसौर किला, छतरपुर का भीमकुंड, रायसेन में गिन्नौरगढ़ किला, ग्वालियर की छत्रियां, उरफिन की सराय और भोपाल के लालघाटी, गोंदरमऊ और धरमपुरी के शैलाश्रय शामिल है।

ये जगहें बनी खंडहर –

- खजुराहो में महाराजा प्रताप सिंह की छत्री को कैफे में तब्दील कर दिया गया।
 - ओरछा के शिव मंदिर को भूसा घर बनाया तो जुझार महल में एक जज और पालकी महल में निगम के कर्मचारी रहने लगे हैं।
 - गोंड महल के आसपास लोगों के घर बने हुए हैं। वहीं चमन महल, रानी महल और किलेबंदी का देखरेख करने वाला कोई नहीं है।
 - जबलपुर के मझोली के विष्णु मंदिर में दुकानें खोल दी गई हैं।
 - इंदौर के लालबाग पैलेस में पुराने वाहनों का जमावड़ा है।
 - 10 साल में भोपाल की ऐतिहासिक इमारत ताज महल को हेरिटेज होटल नहीं बनाया जा सका।
 - भोपाल म्यूजियम की कांस्य गैलरी सालभर से बंद है।
- <https://mpbreakingnews.in/madhya-pradesh/heritage-of-mp-tourism-became-ruins-orchha-and-khajuraho-in-trouble-maj/>

16. कैग को दस्तावेज नहीं सौंपने पर जांच शुरू (samacharnama.com) March 24, 2023

गाजियाबाद विकास प्राधिकरण (जीडीए) ने तीन साल के दौरान स्वीकृत मानचित्रों के अभिलेख भारतीय लेखापरीक्षा और लेखा विभाग (कैग) को नहीं दिए. साथ ही इंटीग्रेटेड योजना में डंपिंग यार्ड की भूमि आवंटियों को बेचने से संबंधित दस्तावेज भी उपलब्ध ही नहीं कराए गए. अब इस मामले में शासन ने मेरठ मंडलायुक्त की अध्यक्षता में तीन सदस्य टीम गठित कर जांच बैठा दी है. इस समिति को एक महीने में अपनी रिपोर्ट शासन को देनी होगी.

उत्तर प्रदेश शासन के प्रमुख सचिव नितिन रमेश गोकर्ण ने पत्र जारी करते हुए कहा है कि भारतीय लेखापरीक्षा और लेखा विभाग ने ऑडिट करते वक्त जीडीए से वित्तीय वर्ष 2017-18 से लेकर 2019-20 तक स्वीकृत मानचित्रों के संबंध में अपेक्षित अभिलेख मांगे थे, लेकिन प्राधिकरण की तरफ से यह अभिलेख लेखापरीक्षा दल को उपलब्ध ही नहीं कराए गए. साथ ही मेसर्स अंसल प्रोजेक्ट प्राइवेट लिमिटेड की इंटीग्रेटेड योजना में डंपिंग यार्ड की भूमि को 106 आवंटियों को विक्रीत किए जाने से संबंधित अभिलेख भी लेखापरीक्षा दल को उपलब्ध नहीं कराए गए. इस कारण लेखापरीक्षा दल द्वारा उक्त दोनों प्रकरणों की संवीक्षा नहीं की जा सकी. फिर लेखापरीक्षा दल ने अपनी रिपोर्ट शासन को भेजते हुए प्राधिकरण की शिकायत दर्ज की. इस मामले को गंभीरता से लेते हुए प्राधिकरण की लापरवाही मानते हुए प्रमुख सचिव ने जांच बैठाई है. प्रमुख सचिव ने मंडलायुक्त मेरठ की अध्यक्षता में उत्तर प्रदेश नगर एवं ग्राम नियोजन विभाग के मुख्य नगर एवं ग्राम नियोजक और आवास एवं

विकास परिषद, उत्तर प्रदेश के मुख्य अभियंता को सदस्य बनाया है। इस जांच टीम को एक महीने के भीतर इस मामले में जांच कर अपनी रिपोर्ट शासन को भेजनी होगी।

दो बिंदुओं पर टीम जांच करेगी

प्रमुख सचिव द्वारा मंडलायुक्त मेरठ की अध्यक्षता में बैठाई जांच दो बिंदुओं पर की जाएगी। पत्र में वित्तीय वर्ष 2017-18 से लेकर 2019-20 तक के दौरान जीडीए में स्वीकृत मानचित्र और इंटीग्रेटेड योजना में भू आवंटन के प्रकरणों की जांच कराए जाने के निर्देश दिए हैं। अब जांच टीम उक्त दौरान के दस्तावेजों की जांच करेगी। सूत्र बताते हैं कि इस मामले में कई अधिकारी व कर्मचारियों पर गाज गिर सकती है।
<https://samacharnama.com/city/gaziabad/ghaziabad-begins-investigation-for-not-handing-over/cid10362696.htm>

17. Lucknow: एलडीए को इंजीनियरों ने बिल्डरों से मिलकर 11 करोड़ की चोट दी, नक्शा पास करने में बड़ा खेल, दो इंजीनियरों समेत बिल्डरों को नोटिस
(samacharnama.com) March 24, 2023

वर्ष 2011 से 2015 के बीच एलडीए के इंजीनियरों ने बिना पूरा मानचित्र शुल्क जमा कराए कई बिल्डरों के नक्शे पास कर प्राधिकरण को 10.88 करोड़ रुपए की चोट पहुंचाई। सीएजी जांच में मामले के खुलासे के बाद एलडीए ने आरोपी इंजीनियरों और बिल्डरों को रिकवरी नोटिस जारी किया है।

एलडीए के इंजीनियरों ने नक्शा पास करने में भी खूब खेल किया है। सीएजी ने ऑडिट में ऐसे कई मामले सामने आए और एलडीए की जांच में भी पुष्टि हुई है। इस पर प्राधिकरण ने नोटिस जारी कर बिल्डरों को 15 दिनों में मानचित्र शुल्क, भू उपयोग परिवर्तन शुल्क भुगतान को कहा गया है। राजस्व बकाए की तरह रिकवरी होगी।

बिल्डर को दिया 2.50 एफएआर, भुगतान लिया डेढ़ का एलडीए सचिव पवन गंगवार ने प्राधिकरण के पूर्व अवर अभियंता एसपी श्रीवास्तव को तीन नोटिस जारी की है। मानचित्र परमिट 33492 के नोटिस में लिखा है कि ढाई एफएआर की गणना न करने से 79.67 लाख की क्षति हुई है।

इन बिल्डरों को नोटिस बिल्डर ड्रेगन एज रियलटर्स, मैसर्स अमृत बॉटलर्स, मैसर्स लाइनेक्स माइक्रो इलेक्ट्रॉनिक्स, प्रीत रियलटर्स, अंसल प्रॉपर्टीज एंड इन्फ्रास्ट्रक्चर को नोटिस जारी की है। अंसल से 7.26 करोड़ भू उपयोग परिवर्तन प्रभार नहीं जमा कराया गया। लोक लेखा समिति ने दिखाई सख्ती

लोक लेखा समिति की बैठक में मामला आने पर समिति सदस्यों ने एलडीए अफसरों से साफ कहा कि वह केवल कार्रवाई चाहते हैं. नुकसान की रिकवरी हर हाल में हो. अगली बैठक में रिकवरी का पूरा विवरण रखा जाए.

जिन बिल्डर- इंजीनियरों ने घपला किया है, उन्हें नोटिस दी गई है. 15 दिन में पैसा जमा कराने को कहा है. पैसा न जमा कराने पर आरसी जारी कर वसूली की जाएगी. - डॉ. इंद्रमणि त्रिपाठी, उपाध्यक्ष, एलडीए

<https://samacharnama.com/city/lucknow/lucknow-lda-got-an-injury-of-11-crores-by-engineers-meeting/cid10352946.htm>

18. Facing flak, Bengaluru civic body to remove mud from Hosakerehalli Lake ([indianexpress.com](https://www.indianexpress.com)) March 23, 2023

Bengaluru: After coming under severe criticism for dumping a huge mound of mud to build a 25-ft wide road on the Hosakerehalli lake in Rajarajeshwari Nagar, senior Bruhat Bengaluru Mahanagara Palike (BBMP) officials visited the lake on Thursday and said the mud would be removed.

BBMP special commissioner (projects) Ravindra P N said, “I had no knowledge of the building of a road on the lake. I have given direction to the chief engineer (lakes) to remove the mud road. We are planning to construct a sewage diversion drain so that sewage does not enter the lake. A retaining wall around the lake will also be constructed.”

Allegations surfaced that the road is being constructed on the lake to facilitate access to a luxury apartment in the vicinity.

Speaking to [indianexpress.com](https://www.indianexpress.com), BBMP chief engineer (lakes), Vijay Kumar Haridas said, “The road was temporary and built only to facilitate movement of vehicles that would be deployed to rejuvenate the lake. We are undertaking the work of a sewage diversion drain. There is no construction of a permanent road to facilitate access to an apartment. Anyway, we are removing the temporary road.”

It is learnt from the BBMP sources that Rs 10 crore has been allocated for restoring the lake. However, BBMP officials are tight-lipped on how the work was undertaken without the approval of the Karnataka Tank Conservation and Development Authority (KTCD).

The KTCDA's permission is mandatory for initiating development work on the lake. "No detailed project report regarding the restoration of the lake was submitted to us for clearance," a KTCDA official said.

Wildlife activist Joseph Hoover, who raised alarm over the mud road, said, "Money was spent to fill up the lake and money will be spent to have it removed. This is a waste of public money. However, we are happy that the lake will be saved. Dividing the lake into two halves with a road in between would destroy the ecology."

Horticulture Minister and local MLA Munirathna N dismissed the claims about the road on the lake. "The lake needs to be de-silted and for that purpose, a track was made. The track would facilitate the movement of trucks and other vehicles required for de-silting work. The lake has accumulated silt over 200 years. People are making unnecessary claims," he added.

Spread across 59.36 acres, the Hosakerehalli lake receives untreated sewage from a storm-water drain and sees continuous dumping of garbage and construction debris. Seven acres of the lake have been encroached on.

The Comptroller and Auditor General of India, in its report released in September 2021, stated, "In Vrishabhavathi valley, the drain passing along the border of Hosakerehalli lake was remodelled and diverted to flow through the lake thereby reducing the area of the lake."

Last December more than 10 trees were axed from the lake's edge without the BBMP forest cell's permission. Sarina Sikkaligar, then deputy conservator of forests of the civic body, said, "Had it been an act by any other BBMP department, we would have been kept in the loop. I have ordered an inquiry into the matter. Our consent was not taken before the trees were chopped."

<https://indianexpress.com/article/cities/bangalore/facing-flak-bengaluru-civic-body-remove-mud-hosakerehalli-lake-8514989/>

SELECTED NEWS ITEMS/ARTICLES FOR READING

19. The long road to GST 2.0 is bumpy and must be tread carefully (cnbctv18.com) 24 MARCH 23

The Goods & Services Tax (GST) is never very far away from the news. As we near the completion of six years, there are suggestions that we now need ‘GST 2.0’. What this means has been very loosely enunciated by commentators.

The first item in the 2.0 wish list is the oft discussed reduction/ rationalization in tax slabs to three from the present four. The rates suggested being a merit rate of 5 or 8 percent, a 15 percent standard rate and 30 percent demerit rate. While we can debate about the actual slabs, a three-tier structure will be an ideal situation for the tax administration. The lesser the tax slabs, the simpler the tax administration. It also becomes less challenging to classify the product apart from reducing the chances of misclassification and evasion.

A GoM has been constituted to examine and recommend the way forward on the rationalisation path. The very fact that recommendations are still forthcoming would indicate the challenges. So, while the desired goal can be a reduction to three or even two tax slabs, this cannot happen now. The process should be done slowly and after building consensus. The consequent impact on rate inversion will need rectification. It will have an impact on the common man apart from trade and industry. Hence it is that every GST Council meeting has been moving with great circumspection on this issue.

Exemptions in GST, Alcohol & Petroleum

The next item in the wish list is reducing/removing exemptions and bringing them into an appropriate rate — namely 5 or 8 percent. The weighted average rate of tax has constantly been eroded from the rate as it stood at the time of introduction of GST to now. This would in effect mean moving to a revenue neutral rate and reducing the slabs. This will again require debate.

The third item in the wish list is to bring in petroleum products. These items are a major source of revenue for states. States believe that their ability to raise taxes has been hampered after the introduction of GST — and petroleum products are the only saving grace. The Centre too earns substantial revenue by imposing central excise on petroleum products.

Despite this issue having been debated for long, we have not been able to even get an innocuous product like Aviation Turbine Fuel into the GST fold. While there can be no doubt on the merit of getting petroleum products into GST, it is going to be challenging.

Another suggestion of a similar nature is the bringing in of alcohol to the GST fold. The argument being that by creating a common market for alcohol, there would be a more holistic approach towards regulation, and that given the self-policing advantage of GST, there will be tax revenue buoyancy from alcohol.

This is going to be even more challenging than bringing petroleum products into the GST fold. Alcoholic liquor for human consumption is presently in the state list. It will require a constitutional amendment for bringing it into the GST fold. Given its implications both from the revenue and political angle, this is not going to happen.

VFI issue

There are also suggestions of setting right what has been termed as a vertical fiscal imbalance (VFI) caused by GST. The argument being that the Centre has more tax powers than the states and that this can be set right by reassigning to GST to the states. This is a radical suggestion and reflective of the deep angst which states are suffering from. The Finance Commission is which is tasked to correct this “VFI” and has been doing a commendable job. This is unlikely to happen.

As Sushil Modi has pointed out, GST does not need any big bang reforms now. Every GST council has incrementally and slowly carried forward the reform process. For instance, the last meeting finalized the creation of GST tribunal. This was one reform badly delayed and caused the taxpayer inconvenience.

The contours of the tribunal need to be urgently finalised. The process of selecting members and putting in place the physical infrastructure should be completed speedily.

GST should continue to focus on ironing out hitches in implementation of the decisions taken. GSTN should be constantly revamped, and processes fine-tuned.

A uniform audit procedure pan India should be finalized. The working of the advance ruling authority should be improved — we cannot afford to have different rulings on the same issue in different states. Tax administration should be streamlined so that concerns of the taxpayers are addressed.

GST has settled down admirably. People forget the sheer scale of the reform. Revenue has stabilized with FY 2022-23 witnessing consistent collections of more than Rs.1.40 lakh crore, with a high of Rs. 1.57 lakh crore in January 2023. The GST compensation issue has been resolved — the last tranche of Rs.16,982 crores only remaining unsettled. The GST Council should continue to ensure the voices of the states are heard and carry the reform process slowly but steadily. The road to GST 2.0 is going to be long and bumpy and must be traversed carefully. <https://www.cnbctv18.com/views/the-long-road-to-gst-20-is-bumpy-and-must-be-tread-carefully-16239411.htm>

20. Enhance defence capital outlay (telanganatoday.com) 24 MARCH 23

Long delays in domestic procurements will negate the objectives of the indigenisation drive

At a time when India is facing a two-front threat from hostile neighbours — Pakistan and China —, the challenges facing the defence sector like inordinate delays in procurement of the required weaponry, lack of coordination among the stakeholders and inadequate budgetary allocations must be addressed on priority. The Parliamentary Standing Committee on Defence, in its latest report tabled in the Lok Sabha, has rightly flagged the concerns of the armed forces and called for increasing the capital budget of the army. This would go a long way in enhancing the deterrent capabilities to meet any external challenges. While the Defence Ministry's efforts towards the indigenisation of military platforms are appreciable, the long delays in domestic procurements will only negate the objectives of the indigenisation drive. Of particular concern is the delay in the supply of 40 Tejas Light Combat Aircraft (LCA) by Hindustan Aeronautics Limited, a public sector undertaking. The Tejas LCA — an all-weather, multi-role fighter aircraft that can be deployed for offensive air support, close combat and ground attacks — is critical for the country's military readiness. The procurement of additional fighter jets should not be delayed any further. It is inexcusable that issues pertaining to the premier fighter jet's design, systems and weapons have still not been resolved. The 2023-24 union Budget too had come as a big disappointment because the capital outlay for modernisation and infrastructure development was inadequate. It has been pegged at Rs 1.62 lakh crore, which is only a marginal rise of 6.7% over the previous year.

Earmarking adequate funds is one of the prerequisites to ensure that the projects related to defence modernisation and indigenisation are not held up. Optimum, time-bound utilisation of these funds also has to be prioritised. There is a need for

a separate allocation for committed liabilities and new schemes under the capital budget for defence modernisation. Another area of concern is the hefty import bill. The parliamentary panel has asked the government to come up with ways and means to not only reduce imports but also give a push to indigenous products for exports. Incentivising indigenisation can help in decreasing the dependence of the armed forces on foreign sources. The key is to deliver aircraft, weapons and equipment within the deadline. In 21st-century warfare, the focus is on remaining ahead of the game in terms of cutting-edge technology and ready-to-use weaponry. The lack of funding has been a persistent problem in India's modernisation of the military. Mounting security challenges require proportionate defence preparedness, but over the years, India's defence modernisation has been moving at a very slow pace. The lack of budgetary provisions has forced the armed forces to give priority to filling the critical gaps first. Most of the weapon systems and platforms are ageing as some of them were acquired way back in the 1970s.
<https://telanganatoday.com/editorial-enhance-defence-capital-outlay>

21. Irregularities alleged in BJD's flagship programme Jeevan Bindu (odishatv.in) March 23, 2023

Though Jeevan Bindu is regarded as the flagship programme of the Biju Janata Dal (BJD), allegations of corruption and irregularities in the initiative have surfaced.

Balasore district is a case in point.

The irregularities in the much-hyped programme came to the fore when the number of blood units collected during four months beginning October 2022 mentioned in the party's newsletter differed from the data shared by the blood bank of the Balasore district headquarters hospital.

As per the newsletter, 2,080, 1,943, 2,065 and 2,961 units of blood were collected in October, November, December and January months respectively. If the figures are put together, it comes to 9,049 units.

Now, look at the data available at the blood bank of the Balasore DHH.

In the said four months, a total of 2,817 units of blood were collected from 27 blood donation camps.

“Under Jeevan Bindu programme, we had received 1549, 254, 358 and 656 units of blood,” said Balasore blood bank officer, Dr Basant Kumar Upadhyay.

Now the question here is, who is telling truth? If the newsletter figure is true, then what happened to the rest 6,232 units of blood?

“They (BJD) are claiming it as their flagship programme. The difference between the figures mentioned in the newsletter and shared by the blood bank indicates that the BJD is misguiding people. It is not new. It has been going on for the last 22 years,” said social worker, Bikram Panda.

“There shouldn’t be any difference between the figures of the blood bank and those mentioned in our newsletter. Only investigation can throw light on why there is such a difference between the two figures. If someone has done this, it is a very serious offence,” said BJD district president, Rabindra Kumar Jena.
<https://odishatv.in/news/odisha/irregularities-alleged-in-bjd-s-flagship-programme-jeevan-bindu--199913>

22. Is a full-blown global banking meltdown in the offing?
([newindianexpress.com](https://www.newindianexpress.com)) March 23, 2023

If everything is fine, then why have US banks borrowed \$153 billion at a punitive 4.75% against collateral at the discount window, a larger amount than in 2008/9?

Financial crashes like revolutions are impossible until they are inevitable. They typically proceed in stages. Since central banks began to increase interest rates in response to rising inflation, financial markets have been under pressure.

In 2022, there was the crypto meltdown (approximately \$2 trillion of losses).

The S&P500 index fell about 20 percent. The largest US technology companies, which include Apple, Microsoft, Alphabet and Amazon, lost around \$4.6 trillion in market value. The September 2022 UK gilt crisis may have cost \$500 billion. 30 percent of emerging market countries and 60 percent of low-income nations face a debt crisis. The problems have now reached the financial system, with US, European and Japanese banks losing around \$460 billion in market value in March 2023.

While it is too early to say whether a full-fledged financial crisis is imminent, the trajectory is unpromising.

The affected US regional banks had specific failings. The collapse of Silicon Valley Bank ("SVB") highlighted the interest rate risk of financing holdings of long-term fixed-rate securities with short-term deposits. SVB and First Republic Bank ("FRB") also illustrate the problem of the \$250,000 limit on Federal Deposit Insurance Corporation ("FDIC") coverage. Over 90 percent of failed SVB and Signature Bank as well as two-thirds of FRB deposits were uninsured, creating a predisposition to a liquidity run in periods of financial uncertainty.

The crisis is not exclusively American. Credit Suisse has been, to date, the highest-profile European institution affected. The venerable Swiss bank -- which critics dubbed 'Debit Suisse' -- has a troubled history of banking dictators, money laundering, sanctions breaches, tax evasion and fraud, shredding documents sought by regulators and poor risk management evidenced most recently by high-profile losses associated with hedge fund Archegos and fintech firm Greensill. It has been plagued by corporate espionage, CEO turnover and repeated unsuccessful restructurings.

In February 2023, Credit Suisse announced an annual loss of nearly Swiss Franc 7.3 billion (\$7.9 billion), its biggest since the financial crisis in 2008. Since the start of 2023, the bank's share price had fallen by about 25 percent. It was down more than 70 percent over the last year and nearly 90 percent over 5 years. Credit Suisse wealth management clients withdrew Swiss Franc 123 billion (\$133 billion) of deposits in 2022, mostly in the fourth quarter.

The categorical refusal -- "absolutely not" -- of its key shareholder Saudi National Bank to inject new capital into Credit Suisse precipitated its end. It followed the announcement earlier in March that fund manager Harris Associates, a longest-standing shareholder, had sold its entire stake after losing patience with the Swiss Bank's strategy and questioning the future of its franchise.

While the circumstances of individual firms exhibit differences, there are uncomfortable commonalities - interest rate risk, uninsured deposits and exposure to loss of funding.

Banks globally increased investment in high-quality securities -- primarily government and agency backed mortgage-backed securities ("MBS"). It was driven by an excess of customer deposits relative to loan demand in an environment of abundant liquidity. Another motivation was the need to boost earnings under low-interest conditions which were squeezing net interest margin because deposit rates were largely constrained at the zero bound. The latter was, in part, driven by

central bank regulations which favour customer deposit funding and the risk of loss of these if negative rates are applied.

Higher rates resulted in unrealised losses on these investments exceeding \$600 billion as at end 2022 at

Federal Deposit Insurance Corporation-insured US banks. If other interest-sensitive assets are included, then the loss for American banks alone may be around \$2,000 billion. Globally, the total unrealised loss might be two to three times that.

Pundits, most with passing practical banking experience, have criticised the lack of hedging. The reality is that eliminating interest rate risk is costly and would reduce earnings. While SVB's portfolio's duration was an outlier, banks routinely invest in 1- to 5-year securities and run some level of the resulting interest rate exposure.

Additional complexities inform some investment portfolios. Japanese investors have large holdings of domestic and foreign long-maturity bonds. The market value of these fixed-rate investments have fallen. While Japanese short-term rates have not risen significantly, rising inflationary pressures may force increases that would reduce the margin between investment returns and interest expense reducing earnings.

It is unclear how much of the currency risk on these holdings of Japanese investors is hedged. A fall in the dollar, the principal denomination of these investments, would result in additional losses. The announcement by the US Federal Reserve ("the Fed") of coordinated action with other major central banks (Canada, England, Japan, Euro-zone and Switzerland) to provide US dollar liquidity suggests ongoing issues in hedging these currency exposures.

Banking is essentially a confidence trick because of the inherent mismatch between short-term deposits and longer-term assets. As the rapid demise of Credit Suisse highlights, strong capital and liquidity ratios count for little when depositors take flight.

Banks now face falling customer deposits as monetary stimulus is withdrawn, the build-up of savings during the pandemic is drawn down and the economy slows. In the US, deposits are projected to decline by up to 6 percent. Financial instability and apprehension about the solvency of individual institutions can, as recent experience corroborates, result in bank runs.

The fact is that events have significantly weakened the global banking system. A 10 percent loss on bank bond holdings would, if realised, decrease bank shareholder capital by around a quarter. This is before potential loan losses, as higher rates affect interest-sensitive sectors of the economy, are incorporated.

One vulnerable sector is property, due to high levels of leverage generally employed.

House prices are falling albeit from artificially high pandemic levels. Many households face financial stress due to high mortgage debt, rising repayments, cost of living increases and lagging real income. Risks in commercial real estate are increasing. The construction sector globally shows sign of slowing down. Capital expenditure is decreasing because of uncertainty about future prospects. Higher material and energy costs are pushing up prices further lowering demand.

Heavily indebted companies, especially in cyclical sectors like non-essential goods and services and many who borrowed heavily to get through the pandemic will find it difficult to repay debt. The last decade saw an increase in leveraged purchases of businesses. The value of outstanding US leveraged loans used in these transactions nearly tripled from \$500 billion in 2010 to around \$1.4 trillion as of August 2022, comparable to the \$1.5 trillion high-yield bond market. There were similar rises in Europe and elsewhere.

Business bankruptcies are increasing in Europe and the UK although they fell in the US in 2022. The effects of higher rates are likely to take time to emerge due to staggered debt maturities and the timing of re-pricing. Default rates are projected to rise globally resulting in bank bad debts, reduced earnings and erosion of capital buffers.

There is a concerted effort by financial officials and their acolytes to reassure the population and mainly themselves of the safety of the financial system. Protestations of a sound banking system and the absence of contagion is an oxymoron. If the authorities are correct then why evoke the 'systemic risk exemption' to guarantee all depositors of failed banks? If there is liquidity to meet withdrawals then why the logorrhoea about the sufficiency of funds? If everything is fine, then why have US banks borrowed \$153 billion at a punitive 4.75% against collateral at the discount window, a larger amount than in 2008/9? Why the compelling need for authorities to provide over \$1 trillion in money or force bank mergers?

John Kenneth Galbraith once remarked that "anyone who says he won't resign four times, will". In a similar vein, the incessant repetition about the absence of any financial crisis suggests exactly the opposite.

The essential structure of the banking is unstable, primarily because of its high leverage where around \$10 of equity supports \$100 of assets. The desire to encourage competition and diversity, local needs, parochialism and fear of excessive numbers of systemically important and 'too-big-to-fail' institutions also mean that there are too many banks.

There are over 4,000 commercial banks in the US insured by the FDIC with nearly \$24 trillion in assets, most of them small or mid-sized. Germany has around 1,900 banks including 1,000 cooperative banks, 400 Sparkassen, and smaller numbers of private banks and Landesbanken. Switzerland has over 240 banks with only four (now three) major institutions and a large number of cantonal, regional and savings banks.

Even if they were adequately staffed and equipped, managers and regulators would find it difficult to monitor and enforce rules. This creates a tendency for 'accidents' and periodic runs to larger banks.

Deposit insurance is one favoured means of ensuring customer safety and assured funding. But that entails a delicate balance between consumer protection and moral hazard - concerns that it might encourage risky behaviour. There is the issue of the extent of protection.

In reality, no deposit insurance system can safeguard a banking system completely, especially under conditions of stress. It would overwhelm the sovereign's balance sheet and credit. Banks and consumers would ultimately have to bear the cost.

Deposit insurance can have cross-border implications. Thought bubbles like extending FDIC deposit coverage to all deposits for even a limited period can transmit problems globally and disrupt currency markets. If the US guarantees all deposits, then depositors might withdraw money from banks in their home countries to take advantage of the scheme setting off an international flight of capital. The movement of funds would aggravate any dollar shortages and complicate hedging of foreign exchange exposures. It may push up the value of the currency inflicting losses on emerging market borrowers and reducing American export competitiveness.

In effect, there are few if any neat, simple answers.

This means the resolution of any banking crisis relies, in practice, on private sector initiatives or public bailouts.

The deposit of \$30 billion at FRB by a group of major banks is similar to actions during the 1907 US banking crisis and the 1998 \$3.6 billion bailout of hedge fund Long-Term Capital Management. Such transactions, if they are unsuccessful, risk dragging the saviours into a morass of expanding financial commitments as may be the case with FRB.

A related option is the forced sale or shotgun marriage. It is unclear how given systemic issues in banking, the blind lending assistance to the deaf and dumb strengthens the financial system. Given the ignominious record of many bank mergers, it is puzzling why foisting a failing institution onto a healthy rival constitutes sound policy.

HSBC, which is purchasing SVB's UK operations, has a poor record of acquisitions that included Edmond Safra's Republic Bank which caused it much embarrassment and US sub-prime lender Household International just prior to the 2008 crisis. The bank's decision to purchase SVB UK for a nominal £1 (\$1.20) was despite a rushed due diligence and admissions that it was unable to fully analyse 30 percent of the target's loan book. It was justified as 'strategic' and the opportunity to win new start-up clients.

On 19 March 2023, Swiss regulators arranged for a reluctant UBS, the country's largest bank, to buy Credit Suisse after it became clear that an emergency Swiss Franc 50 billion (\$54 billion) credit line provided by the Swiss National Bank was unlikely to arrest the decline. UBS will pay about Swiss Franc 0.76 a share in its own stock, a total value of around Swiss Franc 3 billion (\$3.2 billion). While triple the earlier proposed price, it is nearly 60 percent lower than CS's last closing price of Swiss Franc 1.86.

Investors cheered the purchase as a generational bargain for UBS. This ignores Credit Suisse's unresolved issues including toxic assets and legacy litigation exposures. It was oblivious to well-known difficulties in integrating institutions, particularly different business models, systems, practices, jurisdictions and cultures. The purchase does not solve Credit Suisse's fundamental business and financial problems which are now UBS's.

It also leaves Switzerland with the problem of concentrated exposure to a single large bank, a shift from its hitherto preferred two-bank model. Analysts seemed to have forgotten that UBS itself had to be supported by the state in 2008 with taxpayer funds after suffering large losses to avoid the bank being acquired by foreign buyers.

The only other option is some degree of state support.

The UBS acquisition of Credit Suisse requires the Swiss National Bank to assume certain risks. It will provide a Swiss Franc 100 billion (\$108 billion) liquidity line backed by an enigmatically titled government default guarantee, presumably in addition to the earlier credit support. The Swiss government is also providing a loss guarantee on certain assets of up to Swiss Franc 9 billion (\$9.7 billion), which operates after UBS bears the first Swiss Franc 5 billion (\$5.4 billion) of losses.

The state can underwrite bank liabilities including all deposits as some countries did after 2008. As US Treasury Secretary Yellen reluctantly admitted to Congress, the extension of FDIC coverage was contingent on US officials and regulators determining systemic risk as happened with SVB and Signature. Another alternative is to recapitalise banks with public money as was done after 2008 or finance the removal of distressed or toxic assets from bank books.

Socialisation of losses is politically and financially expensive.

Despite protestations to the contrary, the dismal truth is that in a major financial crisis, lenders to and owners of systemic large banks will be bailed out to some extent.

European supervisors have been critical of the US decision to break with its own standard of guaranteeing only the first \$250,000 of deposits by invoking a systemic risk exception while excluding SVB as too small to be required to comply with the higher standards applicable to larger banks. There now exist voluminous manuals on handling bank collapses such as imposing losses on owners, bondholders and other unsecured creditors, including depositors with funds exceeding guarantee limit, as well as resolution plans designed to minimise the fallout from failures. Prepared by expensive consultants, they serve the essential function of satisfying regulatory checklists. Theoretically sound reforms are not consistently followed in practice. Under fire in trenches, regulators concentrate on more practical priorities.

The debate about bank regulation misses a central point. Since the 1980s, the economic system has become addicted to borrowing-funded consumption and investment. Bank credit is central to this process. Some recommendations propose a drastic reduction in bank leverage from the current 10-to-1 to a mere 3-to-1. The resulting contraction would have serious implications for economic activity and asset values.

In *Annie Hall*, Woody Allen cannot have his brother, who thinks he is a chicken, treated by a psychiatrist because the family needs the eggs. Banking regulation flounders on the same logic.

As in all crises, commentators have reached for the 150-year-old dictum of Walter Bagehot in *Lombard Street* that a central bank's job is "to lend in a panic on every kind of current security, or every sort on which money is ordinarily and usually lent."

Central bankers are certainly lending, although advancing funds based on the face value of securities with much lower market values would not seem to be what the former editor of *The Economist* had in mind. It also ignores the final part of the statement that such actions "may not save the bank; but if it do not, nothing will save it."

Banks everywhere remain exposed. US regional banks, especially those with a high proportion of uninsured deposits, remain under pressure.

European banks, in Germany, Italy and smaller Euro-zone economies, may be susceptible because of poor profitability, lack of essential scale, questionable loan quality and the residual scar tissue from the 2011 debt crisis.

Emerging market banks' loan books face the test of an economic slowdown. There are specific sectoral concerns such as the exposure of Chinese banks to the property sector which has necessitated significant (\$460 billion) state support.

Contagion may spread across a hyper-connected financial system from country to country and from smaller to larger more systematically important banks. Declining share prices and credit ratings downgrades combined with a slowdown in inter-bank transactions, as credit risk managers become increasingly cautious, will transmit stress across global markets.

For the moment, whether the third banking crisis in two decades remains contained is a matter of faith and belief. Financial markets will test policymakers' resolve in the coming days and weeks. <https://www.newindianexpress.com/web-only/2023/mar/23/a-new-global-banking-crisis-2558810.html>