NEWS ITEMS ON CAG/ AUDIT REPORTS (25.04.2023)

1. Budgetary support reduces rail accidents by 50% *(thestatesman.com)*
April 24, 2023

The provision of budgetary support for railway safety works by the Central government has yielded positive results. Due to the provision, there has been a decrease in rail accidents by up to 50 per cent in the last five years.

The Railways is confident that rail accidents will be brought to a minimum in the next five years.

In the general budget of 2017-18, the Centre made a special provision of one lakh crore rupees under this head, setting up the National Rail Safety Fund (RRSK) for the Railways. In this way, the Railway Board had to spend Rs 20,000 thousand crores every year on railway safety works. In 2020, due to the Corona epidemic and other reasons, the Railways could not spend the fixed amount to be spent every year. But the Railway Board has achieved success in reducing accidents.

A senior railway official said that 90 percent of train accidents happen due to derailment, collision, and railway crossings. Therefore, with the help of RRSK, railway protection works were done on a priority basis in the said area. He told that there were 54 incidents of derailment of trains in 2017-18, it reduced to 27 in 2021-22. in this thread

There were three incidents of a train collision in 2017-18, their number has come down to two in 2021-22. There were 10 train accidents at unmanned railway crossings in 2017-18 and there was not a single accident at unmanned railway crossings during 2019-20 to 2021-22. The official said that there have been a total of 73 train accidents in 2017-18. There have been 59 rail accidents in 2018-19, 55 in 2019-20, 22 in 2020-21, and 35 in 2021-22.

The Comptroller and Auditor General (CAG) said in its report in March 2023 that the government announced a grant of one lakh crore rupees to the National Rail Safety Fund (RRSK). In this every year Rs 15,000 crore was to be raised by the Government of India and the remaining Rs 5,000 crore by the Railways.

In this, Railways failed to deposit Rs 15775 crore (5000 crores per year) from its fund during 2017-18 to 2020-21. Recently, railway officials said that NITI Aayog has praised Indian Railways for railway safety works under RRSK. Based on this, the Finance Ministry has allocated Rs 11,000 crore for RRSK for 2022-23 and 2023-24. Apart from this, RRSK will give a total of Rs 45,000 crore from 2021-22 to 2025-26 (five years) under the head. Due to this, the railway safety works can be completed. https://www.thestatesman.com/india/budgetary-support-reduces-rail-accidents-by-50-1503175205.html

2. **Joshimath: 'Missing' disaster management, information system for Himalayan region** *(counterview.net)* April 25, 2023

Unplanned and uncontrolled developmental work in Joshimath led to land subsidence and as a result several houses and roads developed cracks and triggered fear among the residents. Joshimath took place because the grim warnings of the massive flood due to cloudburst in 2013, resulted in fury of devastation and destruction in the state, had gone unheeded.Other towns may gradually see this kind of rage in fragile mountain region unless the development approach is focused on mountain perspective and sustainability.

Mountainous regions are prone to natural disasters and environmental degradation, primarily because of their fragility. Fragility arises from the excessive use of resources and neglecting the sustainable management of resources. This has an adverse impact on the land and forest resources. Floods, landslides and earthquakes are some of the common consequences causing significant loss of life, property and resources. Most of the hill states have experienced several natural and human induced disasters that have had disastrous impacts on human wellbeing.

Uttarakhand has a long history of disasters, particularly landslides and earthquakes that have taken a heavy toll on lives and led to massive losses of infrastructure and property. Since the last century, this part of the region has experienced recurrent disasters. The biggest flash flood in mid-June 2013 took over 10,000 lives and caused heavy damage to property. It is a grim reminder of the insensitivity of the government while chalking out the development trajectory for this region.

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

Sinking Joshimath

The recent land subsidence in Joshimath was a grim reminder of what happened in Kedarnath in June 2013. Successive governments have ignored the recommendations by scientists, geologists, environmentalists and expert committees. The Tapovan-Vishnugad hydropower project of the National Thermal Power Corporation Limited, construction of the Char Dham project and unbridled construction activities have resulted in this disaster.

The Mishra committee report (1976) had warned that the town was situated on an old landslide zone and was sinking. Committee recommended short and long-term measures to avert the crisis. Supreme Court appointed panel under Ravi Chopra had recommended that no new hydro projects should commence in the state till the complete impact assessment on ecology and environment is done for the earlier projects. However, the successive governments at the Centre and the state did not heed the warning and continued with mega projects and indiscriminate and reckless construction.

The Planning Commission in 2013 expressly recognised that:
"The Himalayan region has a very fragile geomorphology and provides valuable ecosystem services to the nation in general and to the people living in Indo-Gangetic Plain in particular. Therefore, sustainable development ought to be central to developmental activities in this region. This is essential to maintain a balance between environment and economic development while striving for faster and inclusive growth, as also emphasised in Twelfth Plan document".

Despite the recognition of synergetic relationship between environment and development, the region suffers from detrimental effects of insensitive development activities causing massive loss to the region.

Disasters have a volatile and sudden occurrence, causing large scale property and livestock losses which have profound bearing on the socio-economic factors, institutions and structures. The psychological impacts are intense, which are often neglected by the relief agencies and thus psychological needs are rarely incorporated in the disaster management plans. Mental health aspects of disasters are widely recognised and studied across the countries, including India. Mental health care principles have been identified that needs interventions in different phases.

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

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

Disaster management has been missing in the development agenda and no reliable information system was developed. There is, therefore, a clear need for incorporation of the disaster management component in the development agenda of the state.

The framework of disaster typically involves four distinct stages namely, risk reduction, relief, early recovery, and recovery and reconstruction. Risk reduction entails risk assessment, prevention, preparedness and early warning. The relief measures primarily include lifesaving (search rescue, medical care and basic needs).

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

The data collection should primarily be aimed at better management of disasters and a successful policy response. Technology plays an important role in forecasting, accessing and sharing information on disaster related data. Good institutional and community-based organisations are often critical in mitigating disasters at different levels.

The number of subsidence affected homes in Joshimath is close to 850. This has a profound bearing on human lives, massive loss of livelihoods, property and entitlements and sources of income resulting in people feeling threatened and vulnerable. The provision of immediate relief becomes challenging and relocating

people in safer locations is of paramount importance. The interim relief of Rs.1.50 lakh per household is inadequate in view of the losses.
Provision of immediate relief is challenging. Interim relief of Rs.1.50 lakh per household is inadequate in view of the losses

Rehabilitation and reconstruction are the principal tasks of the state government as part of bringing relief to the people. These efforts require a short, medium and long-term strategy and corresponding action plans. Short-term measures include providing immediate relief such as evacuating people in safer locations and providing necessary help in terms of access to food, medicines and other essential requirements.

Medium term measures include provision of livelihood and relocation. Long-term measures take into consideration sustainable development that complements environmental protection with social and economic development.

Policy response
Mountain regions have generally followed a development trajectory that has neglected their distinctive character. The development activities are often guided by 'normative' development strategies, disregarding regional or mountain specificities.

There are several instances where a large infrastructural project has been created in the region disregarding its fragility and associated environmental hazards. It has been noted that whenever the mountain perspective is disregarded in the development agenda, it has adverse implications on the ecology, environment and livelihoods of the people in the region.

The occurrences of frequent landslides, earthquakes, floods and its adverse impacts on human and animal lives and erosion of livelihoods is a testimony of the pattern of development taking place in the region. Clearly, disasters are inevitable outcomes due to the neglect of the perspective of mountainous regions in development.

The ongoing protests by residents of subsidence-hit Joshimath town completed 100th day recently but the state administration has paid no heed to their emotional sufferings, economic loss and huge dislocation costs.

There is no mystery in explaining the failures and occurrences of frequent disasters and catastrophes. It is the apathy of successive governments that pushed for indiscriminate development leading to such disasters. https://www.counterview.net/2023/04/joshimath-missing-disaster-management.html

STATES NEWS ITEMS

3. **Before it installed AI-enabled cameras, Keltron had messed up purchases of Kerala Police** *(onmanorama.com)* April 25, 2023

The purchase of AI-enabled road surveillance cameras is not the first time that Keltron's (Kerala State Electronics Development Corporation Limited) purchase agreements have come under the scanner.

In 2015, Kerala Police had tasked Keltron, a Kerala government enterprise, with the procurement of 53 tablets with Wi-Fi and 3G sim slot along with docking station and chargers for Rs 55.66 lakh. The absence of IT experts in the Police Department was cited as the reason for handing over the procurement to Keltron. Further, Keltron was considered a reputed total solutions provider with capabilities in the survey, technical assessment, procurement, installation, integration, training, maintenance and upgradation.

Here is what Keltron did. It put out a very specific requirement: Panasonic Rugged 7 tablet with Wi-Fi and 3G sim slot – FZ B2. This was a clear mockery of the Central Vigilance Commission recommendation that the specifications should be generic in nature.

By naming Panasonic even before the bids were invited, Keltron effectively shut out other suppliers. In fact, a supplier, Pantel Technologies, mailed Keltron saying it could not participate as its brand and model were different. Keltron ignored the mail.

The Comptroller and Auditor General, too, found this odd."The tender was tailored to ensure that the work was awarded only to Panasonic India Pvt. Ltd.," it said in a 2020 report.

The CAG discovered graver anomalies. It was found that Keltron was in touch with Panasonic even before Kerala Police officially handed over the procurement to Keltron.

Email correspondences revealed that Keltron, even before it received the work order, was helping Panasonic to quote the right price for its touchpad. And this 'right price', Keltron was particular, should include their margin.

This is what Keltron tells Panasonic in an email sent in February 2015: "The target price we are looking at is given below so that we can get a contribution of 5.60 per cent by adding 6 per cent to the actual input price from Panasonic. By adding KVAT as five per cent for FZ-B2 and 14.50 per cent for the other two items, we can sell it at Rs 1,00,000 per unit."

The then State Police Chief Loknath Behra was not happy with the price and so Keltron quickly sent Panasonic another mail asking for a downward revision. Even here, Keltron is so concerned about its cut that it wants Panasonic to recalibrate the price in such a way that its margin is unchanged.

"The testing of the new Tablet is in progress. Now it is being taken to Mr. Loknath Behra IPS along with the Docking Station. Regarding the price quoted by you, Loknath Behra (the then DGP) is expecting an End User Price (EUP) with tax below Rs one lakh. Otherwise, he will not purchase the same. So please rework your price keeping our margin percentage intact," the mail said.

These correspondences had taken place even before Keltron was given the go-ahead to begin the procurement process.

When confronted, Keltron said it had evaluated the products of two other vendors before settling on the Panasonic brand.

The CAG then looked for proof of these evaluations but could not find any. The CAG termed the e-tender notification issued by Keltron as "a sham" as it was done after Panasonic was assured of the purchase order.

If the purchase of the Panasonic tablets was in the interest of Keltron, it was found that Keltron had bought voice loggers from suppliers preferred by the top brass of the Kerala Police.

By around the same time that the Panasonic tablets were purchased, the Kerala Police had informed Keltron that it had Rs 90 lakh for the purchase of 30 voice loggers. Meaning, Keltron had to procure the equipment at less than Rs three lakh a piece. A voice logger is a device for storing audio data in a computer's hard drive or any such removable media.

When Keltron's documents were checked by the CAG, it was found that it had received a quotation from Third Entity Security Solutions Pvt. Ltd. for the supply of 30 voice loggers for Rs 2.60 lakh a unit. Keltron negotiated and brought this down to Rs 2.07 lakh a unit.

A week after Third Entity's quotation was received, the ADGP (Modernisation) forwarded to Keltron a commercial proposal he had received from Law Abiding Technologies (LAT), New Delhi. The LAT had quoted Rs 1.72 lakh a unit without taxes. This was considered higher than the market rates.

However, realising that the ADGP was interested in the LAT, Keltron dumped Third Entity. It re-negotiated with the LAT for the purchase of a larger 16-port voice logger at Rs 2.40 lakh a unit; the deal with the third Entity was for an 8-port voice logger.

The number of units to be purchased came down to 10. Then, factoring in its margin, Keltron sold 10 units of the larger voice loggers to Kerala Police at Rs 3 lakh a piece. This margin was higher than the profit a total solutions provider was eligible to pocket.

It was found that Keltron made no efforts to obtain competitive rates from other vendors including the initial vendor, Third Entity Security Solutions Pvt. Ltd. before finalising the deal with the LAT. The open tender process was also done away with. Once again, there was a violation of the transparency conditions set forth by the Central Vigilance Commission.

Here is what the CAG noted: "Collusion between the ADGP (Modernisation), LAT and Keltron in procuring the Voice Loggers without complying with the various stipulations mandated by the CVC for public procurement, vitiated the procurement process."
https://www.onmanorama.com/news/kerala/2023/04/25/before-ai-traffic-camera-row-keltron-messed-up-purchases-of-kerala-police.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. Govt’s method to evaluate rich states has gaps. Take tax devolution down to district level *(theprint.in)* April 25, 2023

The debates around the question of horizontal devolution of taxes have made a comeback, especially due to the stress on the finances of the state governments during the Covid pandemic. Undoubtedly, it is imperative to distribute resources in a federal structure to foster nation-building by synchronising the expenditure requirements, fairness, and states' performance. Rich states are inevitably and rightfully expected to contribute more to the resource kitty. However, how can we rationalise the redistribution of funds from poor districts of affluent states to support other states? The current horizontal devolution of pooled funds does exactly that. This question becomes increasingly pertinent in the context of the growing intra-state disparities in India.

Consider Karnataka, which is the wealthiest state in India in terms of income per person. While it has the highest per capita income, it is also home to some of the poorest districts in Southern India. It is difficult to justify why Karnataka receives one of the smallest portions of tax revenue allocated by the 15th Finance Commission (FFC) just because some districts in the state are amongst the richest in the country.

The principle that more revenue should be allocated to the poorer states for equitable growth is absolutely reasonable. However, evidence shows that some richer states have some of the poorest districts. Therefore, rather than redistributing taxes on the basis of state-level calculations, we should make methodological changes to reflect the district level calculations.

The imbalance at the core

The main reasoning behind redistribution is that wealthier regions can afford to provide essential public services at a lower tax rate compared to poorer regions. As a result, richer regions become more desirable investment destinations. Therefore, it would be incorrect to attribute all development to the efforts of individual states. Horizontal devolution based on equity attempts to correct the distortions created by market allocations.

However, as the amount of independent spending among states has grown since the vertical devolution has increased the share of states, the details of how tax resources are redistributed demand closer examination. In particular, within the FFC's devolution formula, the equity criterion known as 'income distance' holds a weight of 45 per cent. The calculation is simple: The FFC ranks all states according to their per capita income and calculates the difference between each state and the one with the highest income. This per capita difference is then adjusted by the population to determine each state's share. However, this process raises the following issues.

The first concern is that the calculation ignores intra-state inequality. The presence of a single economically productive region can have a significant impact on the mean income of a state. In Karnataka, it is Bengaluru; in Telangana, it is Hyderabad; and in Haryana, it is Gurugram. In a 2015 World Development journal article Remoteness, Urbanization, and India's Unbalanced Growth, S Das, Chetan Ghate, and Peter Robertson argue that per-capita incomes across India's districts are diverging rather than converging. Hence, addressing intra-state differences is as important as inter-state inequalities; but how can states like Karnataka or Haryana even attempt to address this issue when they have such a small share of the funding pool?

Secondly, the rationale behind using income distance in the devolution formula is that a state's per capita income is indicative of its overall fiscal capacity. A high per capita income does not always equate to high fiscal capacity if income is concentrated in a small segment of the population. This phenomenon is well-documented and has been shown to have adverse effects on fiscal capacity in developing countries. The assumption that state governments can effectively address intra-state disparities due to a small number of economically concentrated regions is flawed. This could be one of the reasons for the divergence in the intra-state incomes, indicating no signs of convergence.

Change the formula

A potential solution for the next finance commission could be to modify the current method of using state-level per capita income data. Instead, district-level per capita income data could be used to rank all districts in India. Inter se shares could then be computed at the district level and subsequently aggregated at the state level for the distribution of funds. This modification would provide a more accurate representation of the economic conditions of different regions within a state, thereby enabling a more equitable redistribution of funds.

The purpose of modifying the devolution of taxes is to make a fairer comparison of poorer districts and regions, regardless of whether they are in a rich or poor state. Using district incomes would provide more detailed information and a more accurate representation of a state's overall fiscal capacity.

Of course, one may wonder where one ends with this. Why not go at the sub-district level? To this, there is no satisfactory answer. However, that we can do better than state-level income measures seems relatively uncontentious. Given India's size and complexity, using finer and more granular data is the most appropriate way to move forward. https://theprint.in/opinion/govts-method-to-evaluate-rich-states-has-gaps-take-tax-devolution-down-to-district-level/1537292/

5. **40% of PM Cares Fund remained unspent till March '22** *(newindianexpress.com)* April 24, 2023

The PM CARES Fund, which was formed at the peak of the Covid-19 pandemic, collected Rs 12,700 crore in the three-year period till FY22. At the end of March 2022, the fund had a balance of Rs 5,416 crore, according to the audited statement of the PM Cares Fund. The PM Cares Fund is audited by New Delhi-based audit firm SARC & Associates.

Out of the total of 12,700 crores, Rs 7,739 crore was spent on buying ventilators, supporting migrants, creating make-shift hospitals, installation of oxygen generation plants, etc.

According to the website of PM Cares Fund, the fund consists entirely of voluntary contributions from individuals/organizations and does not get any budgetary support.
To encourage contribution from individuals and institutions, donations to the PM CARES Fund have been made eligible for 100% exemption under the Section 80G benefits of the Income Tax Act, 1961. The contribution made by companies towards PM Cares Fund is also eligible for Corporate Social Responsibility (CSR) expenditure under the Companies Act, 2013.

Under CSR, a company having Rs 500 crore net worth, Rs 1,000 crore turnover and Rs 5 crore net profit in the preceding financial year has to spend a minimum 2% of the average net profits made during the 3 immediately preceding financial years.

Donations to Prime Minister’s National Relief Fund (PMNRF), which precedes the PM Cares Fund, are also qualified as CSR funds. However, donations made to CM relief funds in states do not have that eligibility.

PM Cares Fund also gets exemptions under the Foreign Currency Regulation Act (FCRA), and is allowed to receive foreign donations.

According to the PM CARES Fund website, the FCRA exemption is consistent with respect to PMNRF.

Though it was instituted to generate funds for Covid-19 relief works, the PM CARES Fund now has a larger vision of undertaking and support relief or assistance of any kind relating to a public health emergency or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support.

The Prime Minister is the Chairperson of the Board of Trustees of the PM CARES Fund, and it has three members including veteran industrialist Ratan Tata. https://www.newindianexpress.com/business/2023/apr/24/40-of-pm-cares-fund-remained-unspent-till-march-22-2568971.html

6. Experts urge caution as KCC loans outstanding rise 20% in FY22 to Rs 9.37 lakh crore *(moneycontrol.com)* April 24, 2023

A steep rise in banks' loan outstanding to farmers by way of Kisan Credit Cards (KCC) may need closer scrutiny as this could emerge as a potential worry for banks, say experts.

According to the latest data available from the Reserve Bank of India (RBI), total outstanding loans through KCCs grew to Rs 9.37 lakh crore in March 2022 from Rs 7.53 lakh crore in March 2021, or by 20 percent.

The KCC scheme was introduced in 1998 so that farmers could use them to purchase agricultural inputs and draw cash for their production needs. Cardholders can use KCCs to buy allied and non-farm activity tools like vehicles for logistical support, etc.

The repayment cycle is such that farmers, at the end of the tenure, can repay some and not the entire amount of the loan. In other words, these loans are carried forward after the end of the initial tenure.

Industry experts highlighted that due to intense climatic conditions and the danger of the El Nino weather system which could lead to abnormally low monsoon rainfall and erratic weather conditions, there is a possibility of lower agricultural output, which would then put stress on the agri-loan portfolio of banks. This could lead to more non-performing assets (NPAs) from the segment, they said. A loan is declared an NPA if there is no payment of interest or principal for a period of 90 days.

Anand Duma, a senior analyst at Emkay Global Financial Services, said that NPAs in the agri-loan portfolio of banks could rise worryingly due to extreme weather changes caused in large part by the El Nino effect.

“Whenever weather conditions brought by El Nino have damaged agri production in India, it is observed that NPA has increased in the agri-portfolio of banks,” Duma said.

Further, experts highlighted the need for reforms in the KCC scheme. The KCC lending model is fraught with risks as there is no close monitoring of the end use of these loans, they said. There are chances that a lender can use it to fulfil his or her consumption needs and not necessarily use the loan for productive investment, which was the original idea behind this kind of loan.

“There have been cases where loans through KCC are used for different purposes like buying a bike or something else. Close monitoring of the same is required as there are chances the same could lead to more NPAs for banks,” said a banker on condition of anonymity.

Earlier, in an exclusive interview with Moneycontrol, former State Bank of India (SBI) chairman Rajnish Kumar had called for reforms in the KCC loan scheme. “A relook at the Kisan Credit Card scheme is required. The scheme is old-fashioned and leads to high NPAs,” Kumar said.

Agriculture is one of the largest employers in India and it remains vulnerable to seasonal shocks, as a large number of farmers still rely on rainfall during the monsoon for good output. Emkay Global Financial Services, a research company, in a report, said that since 1994, India has faced seven instances of El Nino, which led to lower agri production and higher NPAs in the subsequent three-four quarters.

Data from the RBI showed that banks’ total loan outstanding to the agricultural sector stood at Rs 15.16 lakh crore in March 2022 compared to Rs 13.84 lakh crore in March 2021 and Rs 12.39 lakh crore in March 2020.

The report cited the example of SBI. The lender saw its agri NPAs shooting up from 11.6 percent (of the agri loan portfolio) in fiscal 2019 to 15.9 percent in FY20. On the other hand, the latest data from the RBI showed that the total outstanding loan through KCCs has grown to Rs 9.37 lakh crore in March 2022 from Rs 7.53 lakh crore in March 2021.

Considering the individual cases of major public and private sector banks, data shows that banks are witnessing a rise in agri-segment NPAs. For instance, Punjab National Bank (PNB) saw a marginal 1 percent year-on-year growth in the agri-lending portfolio for the quarter ended December 2022 but its NPAs rose by nearly 2 percent, from Rs 23,718 crore a year earlier to Rs 26,644 crore.

Among private sector banks, ICICI bank, in its results for the quarter ended March 31, 2023, showed that its NPA additions through KCC rose to Rs 672 crore from Rs 614 crore in March 2022.

In its Financial Stability report released in December 2022, the RBI noted that agricultural loans comprised 8.6 percent of the total bad loans of banks. Although this is a slight improvement from 10 percent a year earlier, experts said the El Nino effect, which directly impacts agricultural production, could also affect the banking system.

Siddharta Sanyal, an economist at Bandhan Bank, said multiple factors will determine the impact of El Nino. "However, the early warning from the weather office will likely help both lenders and borrowers turn cautious, potentially limiting some of the damage," Sanyal added.

Another thing experts said that banks can do to lessen agri-NPAs is to keep a close eye on their KCC loans.

"Banks will have to closely monitor the developments in the agri sector. This can help them indicate the chances of a loan turning to a bad loan," the banker quoted above said. https://www.moneycontrol.com/news/business/experts-urge-caution-as-kcc-loans-outstanding-rise-20-in-fy22-to-rs-9-37-lakh-crore-10467101.html

7. Finmin sees downside risks to FY24 growth forecast dominate upside risks *(moneycontrol.com)* April 25, 2023

The downside risks to growth forecast of 6.5 percent for the current financial year dominate the upside risks, the finance ministry said on April 25.

"We reiterate that downside risks to our official forecast of 6.5 per cent for real GDP growth in FY24 dominate upside risks," the ministry said in its monthly economic review.

The downside risks to the growth forecast include the spike in oil prices following the Organization of the Petroleum Exporting Countries' surprise production cut; further troubles in the financial sector in advanced nations that could create risk aversion in financial markets and impede capital flows; and the El Niño weather phenomenon that has elevated the risks to Indian monsoon rains, according to the ministry.

India's Economic Survey 2022-23 and the central bank project Indian economy to post a growth rate of 6.5 percent in 2023-24.

The authorities are working to ensure that the economy does not lose its momentum despite a slowing global economy, Finance Minister Nirmala Sitharaman said over the weekend.

India's economy saw strong growth last fiscal year despite the impoact of Covid pandemic and headwinds of geopolitical conflicts. The economy is estimated to have grown 7 percent last fiscal, higher than the trend rate and the growth of other major economies, according to the finance ministry.

"Growing macroeconomic stability, as seen in the improved current account deficit, easing inflation pressure, and a banking system strong enough to survive the increase in policy rates, has made the growth rate further sustainable," it added.

The International Monetary Fund projects that India will continue to be the fastest-growing economy, likely underpinned by even more robust stability in the macroeconomic variables.

The Reserve Bank of India paused its interest rate hikes at its latest meeting in April while warning that it will resume them will if required in its future meetings. Inflation has eased within its target band in March.

Monsoon rainfall is expected to normal this year, El Niño threatens the farm output. The European war and banking crisis in the West continue to trigger uncertainties.

"It is important to be vigilant against potential risks such as El Niño conditions creating drought conditions and lowering agricultural output and elevating prices, geopolitical developments and global financial stability. All these three could affect the favourable combination of growth and inflation outcomes currently anticipated," the finance ministry said.

https://www.moneycontrol.com/news/business/economy/finmin-sees-downside-risks-to-fy24-growth-forecast-dominate-upside-risks-to-economy-10471051.html

8. Finmin explores options to allow firms to deploy blended finance instruments for green projects *(financialexpress.com)* April 25, 2023

The finance ministry is examining the possibility of allowing financial institutions to raise funds from blended finance instruments to invest in green climate projects, sources said. Blended finance involves leveraging of financial resources of the public sector or philanthropies to phase in private sector investment, thereby catalysing private finance in high-risk and long-gestation projects.

The use of blended finance promotes investments in new and emerging sectors and it attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns to investors, the sources said, adding, it holds the potential to catalyse private finance in such projects.It is still to be tested and therefore the ministry is looking at it from all possible angles, the sources said.

Blended finance is aligned to the Prime Minister goal to cut its emissions to net zero by 2070. Prime Minister Narendra Modi, announced India's aim of achieving net zero emissions by 2070 at Glasgow in 2021. Last year, the Union Cabinet approved India's updated Nationally Determined Contributions (NDCs) incorporating the Prime Minister's 'Panchamrit' strategy announced at the Glasgow conference into enhanced climate targets.

According to the updated NDC, India now stands committed to reducing emissions intensity of its GDP by 45 per cent by 2030, from 2005 level, and achieving about 50 per cent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. NDCs means national plans and pledges made by a country to meet the goal of maintaining global temperature increases to well below 2 degrees Celsius above pre-industrial levels, while aiming for 1.5 degrees Celsius to avoid the worst impacts of climate change.

Sources said, the Securities and Exchange Board of India and the Reserve Bank of India are engaging with the International Sustainability and Standards Board (ISSB) for standards to be issued on sustainable finance and climate finance.

There is a need for engagement with the standard setting body so that obligation should not be too harsh and unviable for Indian companies, sources said, adding, it should not be tilted towards developed countries and emerging economies are unable to follow it.ISSB is supposed to announce standards for sustainable finance and climate finance in the next couple of months, sources said. https://www.financialexpress.com/economy/finmin-explores-options-to-allow-firms-to-deploy-blended-finance-instruments-for-green-projectsnbsp/3058996/

9. India's GDP aim faces risks from a little boy, a sturdy cartel & big economies *(economictimes.indiatimes.com)* Updated: Apr 25, 2023

India's 6.5% real economic growth aim for this financial year faces increasing risks from so-called little boy or El Nino, heavyweight oil cartel's surprise output cut and banking risks in some advanced economies, which can chase away the favourable combination of growth and inflation outcomes currently anticipated.

The downside risks to the official forecast of 6.5% for real GDP growth in FY24 dominate upside risks, the finance ministry wrote in its monthly economic review.

"OPEC's surprise production cut has seen oil prices rise in April, off their lows of low-Seventies per barrel in March. Further troubles in the financial sector in advanced nations can increase risk aversion in financial markets and impede capital flows. Forecasts of El Nino, at the margin, have elevated the risks to Indian monsoon rains," the ministry said.

Meanwhile, global economic prospects also remain uncertain. Elevated inflation and financial tightening, which have weakened the growth process, are thus expected to weigh on economic activity for at least three years since the armed conflict broke out between Russia and Ukraine in February 2022, the ministry noted.

However, the country is still projected to be the world's fastest growing economy in the financial year 2024 underpinned by robust macroeconomic conditions. Growing macroeconomic stability as seen in the improved current account deficit, easing inflation pressure, and a banking system strong enough to survive the increase in policy rates, has made the growth rate further sustainable.

Little Boy - El Nino

El Nino (little boy in Spanish) conditions may lead to drought conditions, lower agricultural output and elevate prices, the ministry said.

The high probability of an El Nino effect this year has raised dark clouds over the monsoon season. The government weather office, India Meteorological Department, had forecast a normal rainy season, but private weather service Skymet has predicted below normal monsoon in the June-September season.

Adequate and timely monsoon showers are vital for India’s agriculture sector, the main source of livelihood for some 60% of its population and which accounts for about 18% of the economy. Nearly half of India's farmland, which has no irrigation cover, depends on annual June-September rains to grow crops such as rice, corn, cane, cotton and soybeans.

In fact, the El Nino weather phenomenon along with the prevalent scorching heat in many parts of India are a double whammy.

Oil Cartel's Muscle Strength

"The volatility in crude oil markets continues, with OPEC+ countries deciding to cut crude oil production from May 2023. This has already led to a spike in crude oil prices in April 2023," the finance ministry said.

However, the upside risk to prices appears to be short-term, as oil demand is expected to remain weak amid the global slowdown. Further, a built-up in inventories and a possible increase in US oil output will continue to put downward pressure on prices, the ministry added.

Earlier this month, a surprise output cut decision by the oil cartel fuelled fears of further inflationary pressures at a time of lingering recession worries and threats to the banking sector.

This is increasingly worrying for India, because it buys around 85% of its crude oil needs from overseas markets which stretches its trade deficit. It also causes fluctuations in global assets, including pushing US treasury yields higher, impacting investors in the Asian nation.

Banking Crisis in Advanced Nations

India is well protected against financial instability and there are less chances of an SVB-like event here backed by the multifaceted nature of RBI’s regulatory actions, the improved bank balance sheets and the attunement of the country's banking system to frequent interest rate cycles, the ministry said.

These factors will also help support the medium-term growth trajectory to remain on course.

"However, rising uncertainty leaves no space for complacency and dynamic risk identification and management will be critical, especially in the current credit upcycle," it added.

The recent collapses of a few banks in the US and Europe on the back of this tightening cycle have posed pertinent questions to policy makers on the vulnerability of their financial systems, particularly in emerging market economies, the report said.

In March, the US saw its second and third largest banking failures (Silicon Valley Bank and First Republic Bank), and days after Swiss banking giant Credit Suisse got into an excruciating financial crisis, which was then rescued by UBS via a buyout.

The Positives

"Internal macroeconomic stability has further strengthened with easing inflationary pressures in March 2023, driven by the softening of food and core inflation, which fell to a 16 month low," the finance ministry said.

It noted that the sequential growth of CPI-core in March 2023 is the weakest since June 2022 and can be attributed to the beginning of the pass-through of declining WPI inflation in consumer goods prices.

"The easing of international commodity prices, the promptness of measures taken by the government, and monetary tightening by the RBI have helped to rein in domestic inflation. Inflationary expectations also appear to be anchoring, as witnessed in various surveys for households and businesses. "

However, core inflation continues to be sticky in many major economies, prompting faster-than-expected policy rate hikes by central banks.

Fiscal parameters for the central and state governments in the last financial year were robust, as seen in solid revenue generation and improvement in the quality of expenditure.

The finance ministry is also hopeful that further rise in forex reserves by the end of FY23 may help the current account deficit to narrow more in Q4. https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-aim-faces-risks-from-a-little-boy-cartels-strength-and-big-economies/articleshow/99755050.cms

10. Nirbhaya Fund to be used to enhance safety and security on Railways *(economictimes.indiatimes.com)* Updated: Apr 25, 2023

The Ministry ofWomen and Child Development has permitted Indian Railways to utilize Nirbhaya Fund to beef up safety and security in trains.

It is learnt that the Railway Protection Force can now use the under the Nirbhaya Fund to deploy technology and latest security and surveillance equipment for improving safety experience on-board Indian Railways.

Following the tragedy of December 2012, the Union Government formed a dedicated fund – Nirbhaya Fund – to be utilized for projects specifically designed to improve the safety and security of women. It is a non-lapsable corpus fund, being administered by the Department of Economic Affairs, Ministry of Finance.

As per the guidelines issued by the Ministry of Finance, the Ministry of Women and Child Development (MWCD) is the nodal Ministry to appraise/recommend proposals and schemes to be funded under Nirbhaya Fund.

MWCD further has the responsibility to review and monitor the progress of sanctioned schemes in conjunction with the line Ministries/Departments.

"The funds would be utilized towards enhancing safety and security on trains with a special focus on female travellers. We are constantly looking for ways to make train travel a safe experience for women," an official overlooking this assignment at railways told ET Infra.

However, he did not disclose the quantum of funds allocated for the initiative.

Besides this initiative, the Railway Protection Force is working on a number of initiatives to enhance security at railway stations.

Under this initiative, it plans to install facial recognition systems at 200 railway stations and a pilot for the same has already been launched at Bengaluru using high quality CCTV cameras and software technology.

The railway protection force intends to utilize the Nirbhaya Fund towards reducing the menace of child trafficking. "With the use of sophisticated technology we would like to address the issue of tackling child trafficking," the official added.

Railway Protection Force has the responsibility to protect railway passengers, passenger area and railway property. The organization is mandated to co-operate with the other departments of railways in improving the efficiency of Indian Railways.

It should act as a bridge between the government, railway police, local police and railway administration. It should adopt modern technology and best human rights practises for protection of female and elderly passengers. https://infra.economictimes.indiatimes.com/news/railways/nirbhaya-fund-to-be-used-to-enhance-safety-and-security-on-railways/99753809

11. India 4th biggest military spender in world: SIPRI *(hindustantimes.com)* Updated: Apr 24, 2023

India, which has sharpened its focus on building its defence capabilities and strengthening military infrastructure along the China border, was the fourth biggest military spender in the world in 2022 after the United States, China and Russia, the Stockholm International Peace Research Institute (Sipri) said in a report published on Monday.

Saudi Arabia was in fifth place. The five countries accounted for 63% of the world’s military spending.

“India’s military spending of $81.4 billion was the fourth highest in the world. It was 6% more than in 2021 and up by 47% from 2013. The increase in India’s spending shows the effects of its border tensions with China and Pakistan,” the Sipri report said.

The report comes at a time when India and China have been locked in a standoff along the Line of Actual Control (LAC) in eastern Ladakh since May 2020, and negotiations are on to ease border tensions. The two sides on Sunday held the 18th round of military talks to resolve outstanding problems.

India’s expenditure on equipment upgrades for the armed forces and strengthening military infrastructure along its disputed border with China accounted for 23% of its total military spending in 2022, the report mentioned, adding that salaries and pensions remained the largest expenditure category in the Indian military budget, and accounted for around half of all military spending.

India faces unique security challenges as it has two nuclear-armed neighbours with whom it has had full-scale wars, and the militaries continue to face each other at the borders, said Air Marshal Anil Chopra (retd), director general, Centre for Air Power Studies. “India is now the fifth largest economy, and for its size and threat perceptions, the defence spending is proportionate,” Chopra added.

Total global military expenditure increased by 3.7% in 2022, hitting a new high of $2,240 billion, Sipri said while highlighting that Russia’s invasion of Ukraine was a major driver of the growth in spending last year.

China continues to spend more on defence than India. In 2022, China’s military spending reached $292 billion, the report said.

In February, India set aside Rs. 5.93 lakh crore for defence spending in this year’s budget, including a capital outlay of Rs.1.62 lakh crore for the military’s modernisation, with the allocation almost 12% higher than that in last year’s budget estimates, and about 2% more compared to that in the revised estimates for 2022-23.

The budget also includes a revenue expenditure of Rs.2.7 lakh crore and a pension outlay of Rs. 1.38 lakh crore. This year’s defence budget accounts for 2% of the country’s projected gross domestic product (GDP) for 2023-24.

This year’s capital outlay is about 6% higher than last year’s budget estimates and about 8% more compared to that in the revised estimates for 2022-23. The capital allocation will power of purchase of fighter aircraft, helicopters, warships, missiles and several land systems, including tanks and artillery guns.

India allocated Rs.5.25 lakh crore for military spending in last year’s budget, ₹4.78 lakh crore in 2021-22, and Rs.4.71 lakh crore the year before.

In another report published in March 2023, Sipri said India’s arms imports fell 11% between 2013-17 and 2018-22 but the country is still the world’s top importer of military hardware. That report came at a time when India has sharpened its focus on achieving self-reliance in the defence manufacturing sector.

Also, India's share of the global arms imports was the highest during the last five years at 11%, followed by Saudi Arabia (9.6%), Qatar (6.4%), Australia (4.7%) and China (4.7%), according to data published by Sipri that measures weapons imports over five-year periods.

The March report said the reasons for the decline in India's imports included attempts to replace imports with local military hardware and a complex procurement process.

India has taken a raft of measures over the last four to five years to boost self-reliance in defence. These include creating a separate budget for buying locally made military hardware, increasing foreign direct investment (FDI) from 49% to 74%, and notifying hundreds of weapons and systems that cannot be imported and are planned to be indigenised over the next five to six years. https://www.hindustantimes.com/india-news/india-fourth-biggest-military-spender-in-2022-says-sipri-report-china-spends-more-101682342537768.html

12. India to buy more Russian, American missile systems for Navy *(economictimes.indiatimes.com)* Updated: Apr 24, 2023

At a time when the US and Russia are pitted against each other over Ukraine, India plans to buy missile systems from both these countries worth around USD 200 million.

A proposal by the defence forces is at an advanced stage in the defence ministry as per which the Indian Navy has proposed to acquire over 20 Klub antiship cruise missiles from Russia and equipment for the American Harpoon anti-ship missile system, defence sources told ANI.

The Klub missile from Russia is equipped on both the surface warships and submarines of the Indian Navy and has been one of the importing weapon systems for it for a long time, they said.

The Harpoon missile system acquisition is expected to cost around USD 80 million to the Indian Navy under a foreign military sales route.

The US Congress has already approved the sale of the Harpoon Joint Common Test Set (JCTS) and related equipment to India.

The Indian Navy has already deployed the Harpoon missiles on its antisubmarine warfare aircraft and submarines. India had requested to buy one Harpoon Joint Common Test Set (JCTS) which includes one Harpoon Intermediate Level maintenance station; spare and repair parts, support, and test equipment; publications and technical documentation; personnel training; US Government and contractor technical, engineering, and logistics support services; and other related elements of logistics and programme support.

India has traditionally been using Russian weapon systems but has diversified its acquisitions in the last two decades with procurements taking place from the U.S. and France also in a big way. https://economictimes.indiatimes.com/news/defence/india-to-buy-more-russian-american-missile-systems-for-navy/articleshow/99738316.cms

13. India's energy security - Key challenges and the way forward *(economictimes.indiatimes.com)* Apr 24, 2023

India is on a glide path of high economic growth. With GDP growing 6-7 per cent Year-on-Year for about a decade, India has demonstrated a robust growth potential, and is poised to grow at this rate for the coming decades. Making use of the technology advancements worldwide in Information Technology viz. Internet of Things, Artificial Intelligence etc. as well as hardware sectors viz. advanced electronics, India's GDP can leapfrog.

Most of the technology advancements require electrification and power as the core drivers. Let us take the example of Green Hydrogen production, a major decarbonisation effort that India is focussed on. Hydrogen forms a major part of the fuel mix in the industries and finds its application in various industries viz. Steel, Refinery, Fertilizer etc. Turning Hydrogen green goes heavy on green electricity. India requires to resort to renewable energy to fulfil the Green Hydrogen mission. Same goes with Battery storage, which includes Battery for Electric vehicles and grid connected storage. Charging of batteries, when done by renewable energy, would reduce carbon emissions and take India closer to its net-zero target.

Currently India sources its major power from conventional power plants. India has done a commendable job of installing around 168 GW of renewable energy.

However, India’s GDP growth and decarbonization efforts command a huge requirement of power. More so when India has targeted a 25% GDP pie in manufacturing – as apposed to around 15 per cent currently - under “Make in India” and “Atmanirbhar bharat” initiatives as manufacturing requires huge power consumption.

For the GDP growth to be sustainable and robust, there, clearly, is a need to install power plants to meet a heavy power requirement that ensues. And to balance GDP growth with environment, the need is to install renewable power plants. Therefore, to enhance energy security becomes a vital requirement for India. Given this, solar and wind come in as promising agents. India receives 300 days of sunshine and 5000 trillion kWhr per year (equivalent to 2500 GW at current efficiency level) of solar energy is incident on India. Also, turning to renewables shoots two birds with one arrow. First, it makes India’s GDP growth sustainable and moves it into a cleaner country territory, thereby, bringing in more growth with cleaner environment. Second, it reduces our dependency on fossil fuels, which forms a major chunk of India’s imports. Thus addressing import dependency for power requirements, and the overall import bill for India. For reducing fossil fuel dependency, MNRE (Ministry of New and Renewable Energy) came up with a trajectory of 50 GW per annum in bids in renewable capacity, which includes atleast 10 GW per annum of wind energy capacity.

Installing solar energy capacity of this scale would require massive import of solar modules from China. This clearly necessitates large scale solar module and upstream manufacturing capacities to be installed in India. However, it is faced with its own challenges. India has practically no capacities in solar materials, except solar modules and cells. For e.g. there is currently very limited wafer capacity that supplies at commercial scale. Same goes with polysilicon, which is the raw material for solar wafer production. The capacities in India are also quite limited 4in the ancillary materials of Aluminum Frame, Glass, Backsheet etc., which form the major cost elements of a solar module. For all critical solar value chain raw materials, India is heavily dependent on imports. If we go further deep, the main equipment that manufacture the solar modules and upstream materials are completely missing in India. They are imported from either Europe or China. This puts us in a vulnerable position as we then lose control of cost and remain exposed to the vagaries of foreign technology companies. This may, in turn, lead us to derail from achieving our goal of Energy independence. Multiple schemes including PLI (Production Linked Incentive) and SPECS (Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors) become instrumental. Clearly, there is a strong focus of the government to develop solar energy capabilities in India.

A major limitation is also posed by India's grid infrastructure, which requires a significant revamp to accommodate the fluctuating and intermittent nature of power from renewables. With high level of electrification, grid infrastructure should be developed on priority. Government of India announced an INR 2.8 lakh crore (USD 35 billion) package for Inter-state transmission network to build infrastructure to evacuate renewable power. Other major challenges are India's EPC capability to carry out execution of solar and wind projects at a scale of Advt 4/25/23, 3:17 PM India's energy security - Key challenges and the way forward, 50s to 100s of GW per year, acquisition of land for large scale renewable projects where India owns fertile land farms for agricultural use. Financing is another important element in the whole scheme of things. RBI (Reserve Bank of India) has included renewable energy sector in priority lending. Although government has been steadily making efforts in the right direction, more is required to be done on strengthening administrative levers like better land laws, implementation of legislation, administration of programs. This will help create an environment, which attracts necessary low-cost foreign capital to India, especially "patient" capital where the capital providers think more in terms of long-term returns on investments.

Solar energy is vital for India's growth story. Although significant progress is made in terms of installations and government schemes, both to encourage installations and local manufacturing of solar equipment, more requires to be done to take it to a level that renders India truly independent in its energy needs. A concerted effort between government and private sector can make India an "environment friendly developed nation". https://energy.economictimes.indiatimes.com/news/renewable/indias-energy-security-key-challenges-and-the-way-forward/99737657

14. Private-led infra push *(financialexpress.com)* April 25, 2023

In all the budgets of the NDA regime since 2014, the challenge has been to revive private investments, especially in infrastructure to boost overall growth. The private sector is expected to contribute a fifth of the required spend in the National Infrastructure Pipeline that envisages \$1.4 trillion of investments by FY 25 on roads, railways, modern railway stations, airports, housing and cities, conventional and renewable power, irrigation, among others. The Centre and state governments are expected to contribute four-fifths despite limited fiscal space. To partly fund this, there is also an on-going effort to monetise public assets. But the response of the private sector has so far been underwhelming. This has forced the government to step up capital expenditures, largely through market borrowings, as the Budget has no surpluses for financing the NIP. Budget 2023 thus raised capex amounting to 1.7% of GDP through higher budgetary support to the railways and National Highways Authority of India. These public investments are expected to create an enabling environment for the crowding in of private investments, setting in motion a virtuous cycle that will trigger faster growth. To further these objectives, the Union finance ministry is believed to have tasked the World Bank to submit detailed reports on how the government can attract more private investments in the railways, roadways, urban infrastructure and power that depend on public investments.

The biggest challenge is attracting more private investments in the railways considering the poor track record so far in asset monetisation. The railways accounts for 25% of the Rs 6 trillion worth of assets to be monetised in the next four years to redevelop 400 railway stations, run 90 passenger trains, lease the track on dedicated freight corridors etc. But in FY 23 even a reduced target of Rs 30,000 crore from the initial aim of Rs 57,222 crore was missed due to limited progress in developing railway stations. Running private passenger trains is also a non-starter. How then can the railways raise Rs 30,000 crore this fiscal from asset monetisation to fund its capex? Reconfiguring the public-private-partnership model is an obvious solution with the World Bank’s help. But how can the private sector be on board in the absence of a regulator to ensure a level playing field between private and government-run trains? Although there is a model concession agreement for a period of 35 years in return for an upfront payment, track access charges, revenue share and commitment of investments, there is limited private sector interest. To ensure greater private sector participation, asset monetisation must be implemented with utmost transparency and balance between risk and reward, between public and private interests.

The stakes indeed are high for putting in place the right policy incentives to enthuse the private sector to invest more in the railways and infrastructure in general. An earlier Economic Survey brought out that the railways could be the next locomotive of growth as it has large multiplier effects on growth and boosts the competitiveness of manufacturing. Higher private investments will add to the flurry of positive developments in this critical sector with the indigenously designed and built high-speed Vande Bharat trains, the on-going bullet train project between Mumbai and Ahmedabad and the western and eastern dedicated freight corridors which are likely to be finished next year and raise the share of railways in freight traffic. https://www.financialexpress.com/opinion/private-led-infra-push/3061000/

15. **Panchayats reel under fund crunch** *(deccanchronicle.com)* April 25, 2023

ADILABAD: Gram Panchayats (GPs) across the state are a worried lot over a shortage of funds and are exploring alternative sources of revenue to meet monthly expenses.

Sarpanchs say that they were neither receiving direct funds under the 15th Finance Commission nor general funds from the state government, due to which they were unable to pay staff salaries or pay instalments of bank loans taken for purchasing tractors and garbage trolleys.

Many sarpanchs had poured in their savings for developmental works, but were not reimbursed. A few GPs said that the shortage of funds was so severe that they were unable to pay road tax for tractors.

Among the GPs to have been pulled up by banks, with notices or memos over delay in paying instalments over the past three months, are Gannora, Machkal, Edbid Thanda, Venkatapur, and Ruvvi in the Nirmal district.

Secretaries of GPs say that they are the worst hit as their personal CIBIL (credit) scores are affected due to delays in paying instalments, which is affecting their personal lives, as well as their families.

They said that they have had to attach copies of their Aadhaar and PAN cards, among other documents, to procure loans.

With the funds crunch biting hard, a few GPs have resorted to increasing revenue by giving permission for sand excavation and increasing the number of belt shops (liquor boutiques).

GPs said that they are also collecting empty liquor bottles and selling them to generate revenue, as liquor consumption has increased in villages, either due to prevailing trends or an increase in the number of belt shops.

The Kautala GP earned 5,000 a few days ago by selling thousands of empty beer and liquor bottles collected by sanitary workers in the Komaram Bheem Asifabad district.

Sarpanch of the Kautala GP, Vojjela Mounish, said the empty bottles were collected by sanitary workers and stored in the dumping yard over a period of time. He said that people leave behind empty bottles after boozing in the open places on the village outskirts.

However, he did raise concerns about increasing liquor consumption among the youth.

In this context, it may be noted that the revenue of the state excise department increased from 10,000 crore to 35,000 crore over the past nine years, with authorities turning a blind eye to belt shops in villages. https://www.deccanchronicle.com/nation/in-other-news/250423/panchayats-reel-under-fund-crunch.html