NEWS ITEMS ON CAG/ AUDIT REPORTS

1. ONGC seeks partners to cut gas flaring, zero methane emission by 2030 *(deccanherald.com, zeebiz.com)* Jan 01, 2024

India's top oil and gas producer ONGC is seeking global technology partners to cut gas flaring and achieve zero methane emission by 2030 as part of its ambitious decarbonisation plan, its chairman Arun Kumar Singh said on Monday.

Oil and Natural Gas Corporation (ONGC) has substantially cut gas flaring -- burning of methane gas that is produced when oil is extracted from below surface -- and would look to bring it down to nil as part of its environmental commitments.

In a post on LinkedIn, Singh said India's role in the global energy landscape is progressively becoming pivotal, and is likely to account for 25 per cent of global energy demand growth over the next two decades.

According to the International Energy Agency, India's share in global primary energy consumption is expected to rise to 9.8 per cent by 2050.

"India's share in cumulative global green-house-gas (GHG) emissions has been only 4 per cent, and current emission is 7 per cent, despite its population share of 16-17 per cent," he said.

"As a responsible corporate citizen of the world, we are fully aware of our obligation towards the mother planet, which is shared by developing and developed world alike. Accordingly, our nation is chasing a paradigm shift in energy consumption, with a focus on cleaner, greener, and sustainable alternatives."

With increasing energy demand, the commitment to decarbonisation is stronger than ever."

ONGC has made significant contributions in reducing gas flaring in our exploration and production (E&P) operations, aligning with our environmental commitments; we have consistently worked to bring it lower and lower, and we aim to bring avoidable flaring down to zero by 2030."Similarly, substantive reduction has been achieved in the area of methane emission, and we aim to bring it down to zero level by 2030," he said.

Singh said ONGC uses a lot of gas to generate electricity as well as meet compression and other process needs of an oil and gas field. By 2028, this gas is intended to be replaced with green power wheeled to installations as far as 160 km from the west coast.

The gas thus freed will be sold to industries like fertiliser and power plants.

"We envisage to wheel green electricity to our Mumbai Offshore fields on the Arabian Sea, replacing natural gas, currently being used to drive power devices at process platforms," he said.

Companies around the globe have pledged to slash down methane emissions by 30 per cent from 2020 levels by 2030. Methane, which is a more potent greenhouse gas than carbon dioxide, tends to leak into the atmosphere.

This is sometimes deliberate when companies flare the gas that comes alongside crude oil, due to lack of consumption markets. It also can leak undetected from drill sites, gas pipelines and other oil and gas equipment.

Controlling methane, which has been rising in atmospheric concentration for decades, is seen as one of the easiest and cheapest ways to make an immediate impact on global greenhouse gas emissions."

Collaboration and innovation are the key here. Realising this need, we extend an invitation to all the innovators offering superior technology and are ahead on the learning curve relating to this goal of nil methane emission and zero avoidable flaring," he said.

He went on to ask technology innovators to write to ONGC on possible solutions to the flaring and methane emission problem.

Flaring, which used to be done in the past because of lack of customers for gas, has been reduced by almost 80 per cent, he said.

Crude oil pumped out of ground can easily be transported in trucks but to take gas from remote well locations to industries requires pipelines.

Sometimes, the amount of gas coming out with oil is so low that laying a pipeline becomes uneconomical.

ONGC used to flare 14-15 million standard cubic metres per day, but this has now come down to around 2 per cent.

Gas flaring reduction and zero methane emissions are part of ONGC's decarbonisation drive which will also see the company putting up 10 gigawatt of plants to generate electricity from solar and wind, and constructing a 1 million tonnes per annum green ammonia plant on the west coast.

ONGC is also looking at setting pump storage projects at river dams to meet electricity demand at night when solar power cannot be generated. It will also set up compressed biogas plants to convert agri waste into gas that can be used to generate electricity, make fertiliser or turned into CNG to run automobiles.

The company, which accounts for about two-thirds of India's oil production and about 58 per cent of gas, plans to invest Rs 2 lakh crore on clean energy projects to meet its 2038 net-zero carbon emissions goal.

High pressure gas valued at Rs 816.08 crore was flared in Mumbai High field -- the mainstay fields of ONGC -- during 2012-20, according to a CAG report released in December 2021. During 2012-13 to 2019-20, a total of 1,227.343 million metric standard cubic metres of high pressure gas valued at Rs 1,021.08 crore was flared,

according to the CAG report. https://www.deccanherald.com/business/companies/ongc-seeks-partners-to-cut-gas-flaring-zero-methane-emission-by-2030-2831393

STATES NEWS ITEMS

2. ऑटोमेशन के नाम पर लुटा दिया सरकारी खजाना, करोड़ों के फर्जी भुगतान हुए, CAG ने जांच बैठाई *(amarujala.com)* 01 Jan 2024

राजस्थान: वित्त विभाग में फर्जी भुगतानों को लेकर सीएजी ने जांच शुरू कर दी है, जिस ऑटोमाइजेशन के नाम पर वित्त विभाग ने केंद्र सरकार की कंपनी एनआईसी को दरकिनार कर प्राइवेट कंपनियों को अरबों रुपये के टेंडर जारी किए, उसका हश्र यह हुआ कि वेतन-पेंशन से लेकर वर्क्स कांट्रेक्ट में करोड़ों रुपये के गलत भुगतान हो गए।

एक तरफ जीवित पेंशनर्स के तीन हजार करोड़ रुपये के बिल महीनों से सरकार में पेंडिंग चल रहे हैं। वहीं, दूसरी तरफ जिनकी मृत्यु हो चुकी है, उनके खातों में बराबर वेतन, पेंशन और एरियर तक जमा होते रहे। यही नहीं, किसी कर्मचारी ने जिस ऑफिस में कभी काम ही नहीं किया, उसका वेतन वहां आहरित कर दिया गया। सीएजी ने सरकार को भेजे पत्र में लिखा है कि उसकी नमूना जांच के दौरान पाया गया है कि एक कर्मचारी को जुलाई 2018 का वेतन उनके पदस्थापित कार्यालय के साथ दूसरे जिले के एक सरकारी स्कूल में भी कर दिया गया। जबकि उक्त कार्यालय में कभी कार्यरत ही नहीं रहे।

इस संबंध में जांच दल द्वारा निम्न बिंदुओं के संबंध में सूचना चाही है
किसी कार्मिक के वेतन भुगतान उस कार्यालय में किस प्रकार से कर दिया गया, जिसमें वह कभी पदस्थापित रहा ही नहीं?

इस प्रकार के प्रकरणों को रोकने के लिए क्या कार्रवाई की गई?

गत पांच (2018-19 से 2022-23 तक वर्ष वार) इस प्रकार कितने प्रकरण पाए गए एवं उनमें कितनी राशि वसूल की गई?

इस संबंध में वांछित सूचना इस कार्यालय को भिजवाया जाना सुनिश्चित करवाएं?

(1) जो रिटायर हो गए, उनके खातों में वेतन
ऑटोमाइजेशन में एक से बढ़कर एक मामले सामने आ रहे हैं
जो रिटायर हो गए, उन्हें पेंशन के साथ वेतन भी जारी किया जा रहा है
महेंद्र सिंह पंवार, सुरजा राम, उमेश नारायण, अब्दुल हाकिम और डूंगरमल शर्मा सालों पहले रिटायर हो चुके, लेकिन इनके खातों में दो लाख 71 हजार रुपये से ज्यादा वेतन क्रेडिट कर दिया

(2) जो रिटायर नहीं हुए, उन्हें पेंशन और जीपीओ जारी
उदाहरण- सवाई मान सिंह मेडिकल कॉलेज के चार सीनियर डॉक्टर्स को सेवानिवृत्त होने से पहले जीपीओ और पीपीओ जारी कर दिए गए। अस्पताल प्रशासन की तरफ से इस बारे में वित्त विभाग को पत्र लिखकर अवगत करवाया गया।

(3) एक कर्मचारी को दो-दो ऑफिस से वेतन आहरित कर दिया गया
उदाहरण- योगेश्वर पंड्या, दुर्गेश कांत, लोकेंद्र सिंह, राजेश बारिया को पहले चेक से भुगतान किया, फिर से ऑटो पेमेंट भी कर दिया।

(4) जिनके खिलाफ एसीबी जांच, उन्हें भी पेंशन जारी

उदाहरण- ओम प्रकाश शर्मा, शंकर लाल यादव, हरिराम (इन्हें दो जीपीओ जारी हुए) इनके विरूद्ध विभागीय जांच लंबित थी। लेकिन इसके बावजूद इन्हें पेंशन परिलाभ जारी कर दिए गए। इसी तरह से गुलाबचंद वर्मा, सूर्यकांत कनसोटिया और हिमांशू शर्मा डीए का भुगतान कर दिया। जालौर पुलिस अधीक्षक कार्यालय ने वेतन-पेंशन विभाग को पत्र लिखकर बताया कि सहायक उपनिरीक्षक उगम सिंह के खिलाफ एसीबी ने भ्रष्टाचार निवारण अधिनियम में अभियोग पंजीकृत कर रखा है, जिसकी कार्रवाई न्यायालय में लंबित है। उन्हें वित्त विभाग की ओर से पेंशन परिलाभ जारी कर दिए गए।

(5) SIPF में जिनता जमा नहीं, उससे ज्यादा निकाला
उदाहरण- एसआईपीएफ में ऑटोमेशन के चलते बहुत से ऐसे प्रकरण सामने आए हैं, जिसमें कर्मचारियों की कुल जमा दो लाख रुपये थी और फंड से उन्होंने 40-40 लाख रुपये तक निकलवा लिए।

सवाल
जिन कर्मचारियों की मृत्यु हो चुकी, उनके खातों जो पेंशन और वेतन के लाखों रुपये डाल दिए गए, वह सरकार को वापस कैसे मिलेंगे?
जिन अफसरों और कर्मचारियों की गलती से राज्य के खजाने को इतनी बड़ी चपत लगी, उनके खिलाफ क्या कार्रवाई की गई?

पहले यह प्रक्रिया थी, डबल चेक से होता था भुगतान
पहले इस तरह की गलतियां होने की गुंजाइश कम होती थी। क्योंकि छह लाख कर्मचारियों के वेतन बिल 32 हजार डीडीओ के पास चेक होकर निकलते थे। इसके बाद ये बिल ट्रेजरी में चेक होते थे। इसके बाद ही वेतन या अन्य कोई भुगतान आहरित होता था, जिसे वित्त विभाग ने ऑटो कर दिया, जिसमें सिंगल चैक सिस्टम भी नहीं है।

सिविल पेंशन पहले बैंक से मिलती थी, जिसे इन्होंने सिंगल प्वाइंट कर दिया, जिसमें चेकिंग का कोई प्रोविजन नहीं।

अकाउंट्स और एसआईपीएफ के कर्मचारियों को सालाना करोड़ों रुपये का वेतन दिया जाता है, लेकिन इनसे बिल चेकिंग का काम नहीं करवाया जा रहा।

ऐसे बहुत से प्रकरण जीपीएफ में भी सामने आ चुके हैं। यह पैसा आम जतना के टैक्स का पैसा है। इसकी सुरक्षा की जिम्मेदारी प्रशासन की है, इस तरह के भुगातानों से सहूलियत से ज्यादा नुकसान हुआ है।
-मनोज सक्सेना, प्रदेशाध्यक्ष राज. राज्य मंत्रालयिक कर्मचारी महासंघ

एक तरफ तो पेंशनर्स के बिलों को ऑब्जेक्शन लगाकर अटकाया जा रहा है। वहीं, जुलाई के बाद से तो सेवानिवृत्त हुए कर्मचारियों की पेंशन तक जारी नहीं हुई है। जबकि सरकार ने ऑर्डर निकाल रखा है कि जिस दिन कर्मचारी रिटायर होगा। उसी दिन उसे पेंशन जारी कर दी जाएगी। करीब 600 मामले तो मेरे पास ही हैं, जिन्हें जुलाई से ही पेंशन नहीं मिली है।
किशन शर्मा- प्रदेशाध्यक्ष, राजस्थान पेंशनर समाज

प्रदेश में ऑटोमेशन के नाम पर हुए गलत भुगतानों को लेकर सीएजी ने आपके विभाग को चिट्ठी लिखी है? यह पूछे जाने पर आईएफएमएस परियोजना की अतिरिक्त निदेशक एवं पदेन परियोजना निदेशक अमिता शर्मा ने कोई जवाब नहीं दिया।
https://www.amarujala.com/rajasthan/jaipur/rajasthan-exclusive-government-treasury-looted-in-the-name-of-automation-fake-payments-worth-crores-made-2024-01-01

3. ‘White Paper vs Sweat Paper’: Analysing BRS and Congress claims on Telangana’s finances *(thenewsminute.com)* 01 Jan 2024

Congress released a White Paper blaming BRS for Telangana’s mounting public debt which the BRS rebutted with a ‘sweat document’. TNM runs a check on the claims.

On Sunday, December 24, former Telangana Minister KT Rama Rao who was the face of Bharat Rashtra Samithi’s (BRS) unsuccessful election campaign this year, released a ‘Swedha Patram’ (‘a document of sweat’), while accusing the present Congress government of maligning the party. This was a rebuttal to the White Paper (Swetha Patram) on Telangana state finances by the Congress government, released two weeks after coming to power. The White Paper painted the state as severely debt-ridden, citing figures from state budgets, the Reserve Bank of India (RBI) and the Comptroller and Auditor General of India (CAG).

KTR’s reply, while citing various numbers as proof of BRS government’s achievements, also heavily banked on rhetoric. Congress’s White Paper alleged that in the past decade when BRS was at the helm, there wasn’t much “visible and substantial infrastructure development” that justifies accumulation of a huge debt. KTR responded by saying that former Chief Minister K Chandrashekar Rao had created not just assets but also an identity for Telangana. After prefacing his speech with visuals depicting the role played by BRS leaders in the Telangana statehood movement, KTR drew attention to the 125-foot-tall statue of Dr BR Ambedkar built at the centre of Hyderabad and asked, “This is a symbol of the self-respect of Dalits and other oppressed communities in Telangana. How do you put a value on this?”

A White Paper is supposed to be a statement of facts and possible solutions but the one brought out by the Congress wasn’t free from political narratives. It suggests that the Telangana region’s finances were better managed before its formation by previous Telugu Desam Party (TDP) and Congress governments, and that Telangana’s share of financial resources in undivided Andhra Pradesh was in fair proportion to its population. This was contrary to one of the main grounds for the statehood demand.

While the White Paper indicates that BRS has veered the state towards a financial crisis with a heavy debt burden, economists point out that Congress is yet to elaborate how it plans to implement its promises ranging from farm loan waivers to free power supply. The White Paper states that less than 30% of the state’s revenue receipts are available for welfare programmes and any measures for the development of the economy, after accounting for debt servicing and other expenses. Economists say that while some of the allegations made in the White Paper, particularly about excessive poorly planned borrowings, are true, it is unfair to say that BRS did not create tangible assets. Here are some of the main arguments made by the Congress in the White Paper and how BRS responded to it, and what economists have to say about the political rhetoric from both sides on the state’s finances.

‘Flawed, over-optimistic’ budgets

The White Paper shows that since 2014-15, Telangana has consistently overestimated its planned expenses and has ended up spending way less in the annual budget. While the actual expenditure as a percentage of budgeted estimates has ranged between 62%

and 97.5% in the past nine years, overall, the figure stands at 82.3%. Congress has pointed out that in the same period, the Union government has spent 103% of its budgeted estimates, and that Telangana is among the states spending the lowest percentage of budgeted expenditure in 2021-22.

This figure, the White Paper notes, "indicates the quality of the planning process and adherence to budgetary discipline." While economists agree that this is indeed a bad sign, as it points to an overestimation of revenue receipts and budgeted needs of certain departments going unmet, Professor RV Ramana Murthy from the University of Hyderabad's School of Economics notes that this is not a new trend and has been the case in undivided Andhra Pradesh for several years now. "This has been the trend in the Telugu states for nearly 20 years now, and BRS alone can't be blamed for this," he said.

The White Paper itself shows that from 2004 to 2014, the decade before Telagana's formation, Andhra Pradesh had spent 87% of its budgeted expenditure. In 2020-21, while states like Rajasthan, Karnataka, Madhya Pradesh and Kerala spent more than the budgeted amount, Telangana spent only 79.3%. Andhra Pradesh too spent only 83.4% – two places behind Telangana.

The trend of reducing expenditure on education and health since 2014 has also been noted by CAG and RBI, and is mentioned in the White Paper too.

Resources spent on Telangana region pre-2014 in undivided Andhra Pradesh

The White Paper claims that since the formation of Andhra Pradesh in 1956 and till its bifurcation in 2014, Telangana's share in the combined state's expenditure was Rs 4.98 lakh crore or 42%, exactly in proportion to the population of Telangana as per the 2011 Census. KTR dismissed these calculations as incorrect, while claiming that even by these figures, the expenditure on Telangana increased drastically under BRS rule to over Rs 13.7 lakh crore in ten years. While the figures cannot be directly compared without adjusting for inflation, KTR also brought up the reports of Kumar Lalith Committee and later the Justice Vashishta Bhargava Committee constituted in 1969, both of which found that between 1956 and 1968 alone, at least Rs 28 to 24 crore of surplus funds from the Telangana region were spent on Andhra Pradesh.

Agreeing with KTR's rebuttal, Ramana Murthy said that Congress cannot ignore the uneven economic development in the Telangana region when it was part of undivided Andhra Pradesh as this was one of the main reasons for the statehood agitation.

The Congress government also argued that in the 58-year-period from 1956 to 2014, when undivided Andhra Pradesh was mainly under Congress rule (and TDP rule for about 15 years), Telangana saw the creation of crucial assets. It named infrastructure projects such as the Outer Ring Road and Rajiv Gandhi International Airport, various irrigation and drinking water projects, educational institutions, and also Union government-run organisations like Defence Research and Development Organisation (DRDO), Bharat Heavy Electricals Limited (BHEL), Electronics Corporation of India Limited (ECIL), Centre for Cellular & Molecular Biology (CCMB), etc., taking credit for providing land and incentives for such projects.

K Laxminarayana, an Economics Professor at the University of Hyderabad, said that it is incorrect of Congress to claim that no assets were created by the BRS government since 2014, pointing to the drinking water project Mission Bhagiratha and the minor irrigation infrastructure project Mission Kakatiya which have yielded visible results.

KTR in his rebuttal spoke about Telangana's high per capita income, but economists have pointed out that there are very wide income disparities across regions and communities in the state, which makes this an unreliable indicator of growth. He also brought up the appreciation of land and real estate values under BRS. "The value of a 2BHK worth Rs 8 lakh has surged to Rs 50 lakh. Land values have witnessed a substantial surge owing to irrigation and village development. The present value of 1.52 crore acres of patta land has increased at least five times," the 'sweat document' said. Laxminarayana said that while this may well be true for some regions, these are not directly related to the public debt being discussed in the White Paper and is therefore irrelevant.

Declining revenue receipts

The White Paper said that Telangana's revenue receipts, which make up a huge portion of the government's revenues, are unsatisfactory. Revenue receipts are revenues that don't create any liabilities or reduce the government's assets. They include the State's Own Tax Revenue (SOTR), grants and share of taxes from the Union government, and non-tax revenue. Congress noted that Telangana's revenue receipts-to-gross state domestic product (GSDP) ratio had declined even before the pandemic, and in 2020-21, it was 3.3 percentage points lower than the India General States average (14.6%), and ranked sixth from the bottom.

At the same time, Telangana's share of the State's Own Tax Revenue as a percentage of the total tax revenue was among the highest-ranking states next to only Haryana, as per RBI's latest study of state finances based on their Budgets. KTR has repeatedly sought more funds and budget allocations from the Union government while alleging that the state has gotten a raw deal. Former Finance Minister Harish Rao had also complained on many occasions that Telangana is one of the states receiving less than its deserved share when it comes to devolution of taxes from the Union government under the GST regime.

Debt burden

The central argument of the White Paper is that under the BRS government, the state has become debt-ridden. It argues that in the last nine years, the state's rising expenditures were not matched by a proportionate increase in revenues, and the government had to borrow more and more to make up for this deficit. Apart from borrowings within budget, off-budget borrowings in the name of large-scale irrigation projects such as Kaleshwaram and Palamuru Rangareddy and other works by setting up Special Purpose Vehicles (SPVs) also increased the debt service burden – the principal repayment and interest payments borne by the state – the paper said.

A considerable amount of loans borrowed by Special Purpose Vehicles (SPVs) but guaranteed by the government are now being serviced by the government itself through its budgetary resources. This is because the SPVs were unable to generate revenues to make repayments on their own. These include the Kaleshwaram Irrigation Project

Corporation Ltd, the Telangana State Water Resources Infrastructure Development Corp Ltd, the Hyderabad Metropolitan Water Supply and Sewerage Board, etc.

While the current outstanding debt on the books of the state is Rs 3.89 lakh crore, after adding government-guaranteed loans raised by SPVs and serviced by the government (Rs 1.27 lakh crore) and not serviced by the government (Rs 0.95 lakh crore), the outstanding debt adds up to Rs 6.12 lakh crore. And while the average interest on open-market borrowings is about 7.63%, the off-budget borrowings have higher interest rates. The top five entities accounting for 95% of the outstanding government guarantees have availed loans at average interest rates of 8.93% to 10.49%, the White Paper said. The Kaleshwaram Irrigation Project Corporation Ltd, for instance, has an outstanding loan of Rs 74,590 at an average interest rate of 9.69% as of December 1, 2023.

The debt-to-GSDP ratio (for borrowings within budget), which indicates the state's ability to repay its debt, has gone up from 14.4% at the time of Telangana's formation to 27.8% in the current financial year. As this ratio increases, the risk of default goes up. Yet, compared to the national average, Telangana has ranked among the bottom five states on debt-to-GSDP ratio in recent years.

However, when loans raised by SPVs but serviced by the government are added, the debt-to-GSDP ratio increases to 36.9%.

CAG too in its State Finances Audit Report for 2020-21 said that when considering off-budget borrowings and other liabilities to be serviced from the state budget, the debt-to-GSDP was 38.10% – way above the 25% target as per the Telangana State Fiscal Responsibility and Budget Management (TSFRBM) Act, and also exceeding the 29.5% norm prescribed by the 15th Finance Commission.

In 2022, RBI also raised concern that states like Telangana had issued guarantees amounting to over five percent of their GSDP and that Telangana had the "highest contingent liabilities to GSDP ratio" at around 9.4%.

So then, what does this mean for the state when it comes to repayments?

The percentage of revenue receipts spent on repaying the principal and interest on loans within and outside the budget has shot up from 14% when Telangana was formed to 39% in FY 2022-23. Laxminarayanaa attributes this to wasteful, excessive expenditure on projects like Kaleshwaram – which has also been flagged by CAG – as well as a lack of foresight in ensuring revenue sources, especially for the SPVs.

As per the estimates for FY 2022-23, 39% of revenue receipts are expected to be spent on debt servicing, and 35% on salaries and pensions, leaving only 26% for welfare programmes and other works. "To implement its six guarantees and other promises properly, Congress may end up overlooking other expenses like road works etc. or put them off till the next election year," Ramana Murthy said, adding that without long-term fixes and better overall fiscal planning, the Congress government is only likely to continue the pattern of mismanagement. Rather than rushing to implement all guarantees immediately, it would be more sustainable to work out allocations slowly on a short-term basis at first, so as not to push the state into deeper debt, Laxminarayana

said. https://www.thenewsminute.com/partner/liquid-gold-why-babies-must-be-breastfed-as-early-as-possible

4. Government reduced the time limit for getting pension, now pension will start getting in so many years only *(informalnewz.com)* January 1, 2024

Jharkhand: The government has made a big announcement for the common people. Hemant Soren government of Jharkhand has given a gift to the residents of the state by reducing the age of pension eligibility by 10 years from 60 years. This means that now residents of Jharkhand above 50 years of age can avail the benefit of government pension.

Hemant Soren further said that his government will also reserve 75 percent jobs in state companies. The Hemant Soren government, which came to power in December 2019, has introduced pension for different categories of people, due to which the number of pensioners has increased by 200 percent. The state is giving pension to people in five categories and has spent Rs 2,400 crore in this financial year.

Who will get the benefit of pension?
Hemant Soren government has said that to avail the benefit of old age pension, it is necessary to be a resident of Jharkhand. Also, that person does not fall in the tax paying category. Apart from this, to avail the benefit of this pension, he should not be availing the benefit of any other pension. He will be eligible for pension only after fulfilling all these conditions.

How many people got pension?
Under the Old Age Pension Scheme, pension was paid to 14.25 lakh beneficiaries till March 2023, which was more than 3.45 lakh till December 31, 2019. In particular, the number of vulnerable tribal group pension beneficiaries increased from 52,336 to 70,577, while destitute women pension beneficiaries increased from 1.72 to 3.79 lakh. The number of HIV AIDS patient beneficiaries increased from 3375 to 5778, while the number of disability pension beneficiaries increased from 87,796 to 2.44 lakh.

How much was spent?
According to the CAG report, the state government has collected Rs 69,722 crore from central assistance. 40 percent of this revenue has been spent on salaries, allowances, pensions and interest payments on loans for development schemes. In the financial year 2021-2022, the state government spent Rs 13,979 crore on salary allowances, Rs 7614 crore on pension payments and Rs 6,286 crore on interest payments. https://www.informalnewz.com/pension-eligibility-reduced-good-news-government-reduced-the-time-limit-for-getting-pension-now-pension-will-start-getting-in-so-many-years-only/

SELECTED NEWS ITEMS/ARTICLES FOR READING

5. India's Debt Numbers at the Union and State Level Indicate a Brewing Crisis *(thequint.com)* 02 Jan 2024

Rising spending is leading to higher growth but at the cost of essential welfare expenditure.

The International Monetary Fund (IMF) recently concluded its Article IV consultation with India and published its executive board's report that highlighted the latter's growing debt problem.

This, accompanied by a "volatile inflation" spell, a "lower employment rate" (dominated by the informal sector), and a potential disruption of the global supply chain "increasing fiscal pressures for India," is concerning for the economy. The government's response to the report was unsurprisingly aimed at refuting the institution's warning.

While the IMF highlighted a need for substantial investment, especially from India's private sector to enhance the nation's capacity to withstand climate stresses and natural disasters, the government's response stressed that its sovereign debt risks are limited as it is primarily denominated in domestic currency.

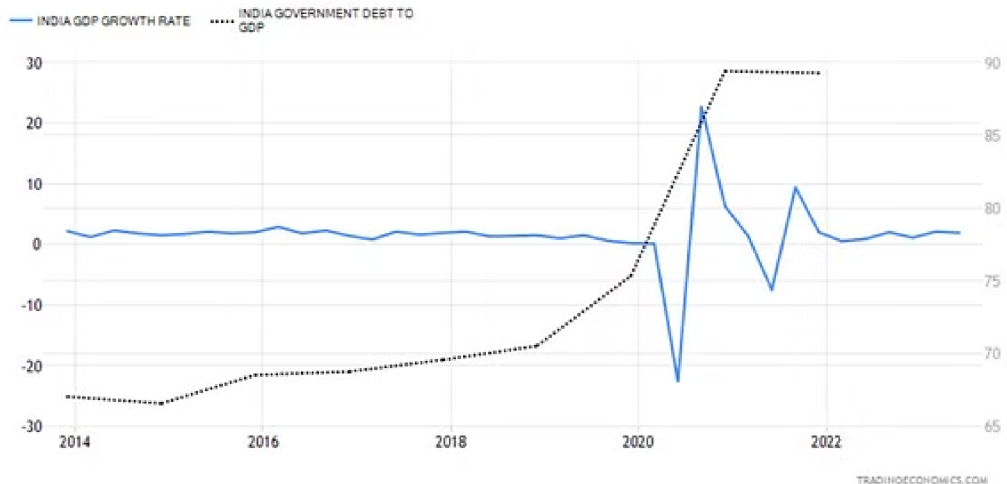
K V Subramanian, India's executive director at the IMF, challenged the IMF's claim, stating that despite historical shocks, India's public debt-to-GDP ratio has shown minimal fluctuations. The disagreement centres on the IMF's reclassification of India's exchange rate regime to a "stabilised arrangement."

Government Debt-GDP Growth Rate
India's growth position has remained relatively weak and stagnant in its 2016-2020 timeline. The macro-growth rate crashed during the 2020 lockdown and then gradually found its way up in a nominal sense once COVID restrictions were lifted.

On average, the real growth rate remains still sub-optimal to the demographic and investment potential. However, the macro-government debt to GDP levels, already rising from 2015, have ballooned since 2018.

Government Debt-GDP Growth Rate

Government Debt-GDP Growth Rate



Source: Author's Calculations (Trading Economics)

With a lower denominator (GDP level), one can expect the net debt effect to rise even if the borrowings were left the same, which isn't the case. The IMF data (see Table 1 above) indicates how government debt has increased at alarming levels of 82.4%, and any government debt number that's greater than 80% of the GDP signals a 'red' risk marker in economic crisis terminology.

Table 1. India: Selected Social and Economic Indicators, 2019/20-2024/25 1/

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
				Est.	Projections	
Growth (in percent)						
Real GDP (at market prices)	3.9	-5.8	9.1	7.2	6.3	6.3
Prices (percent change, period average)						
Consumer prices - Combined	4.8	6.2	5.5	6.7	5.4	4.6
Saving and investment (percent of GDP)						
Gross saving 2/	29.2	29.7	30.0	29.1	29.9	30.0
Gross investment 2/	30.1	28.8	31.2	31.0	31.7	31.9
Fiscal position (percent of GDP) 3/						
Central government overall balance	-4.8	-8.6	-6.8	-6.5	-6.0	-5.8
General government overall balance	-7.7	-12.9	-9.6	-9.2	-8.8	-8.5
General government debt 4/	75.0	88.5	83.8	81.0	82.0	82.4
Cyclically adjusted balance (% of potential GDP)	-7.6	-9.1	-8.7	-9.3	-8.8	-8.5
Cyclically adjusted primary balance (% of potential GDP)	-2.9	-3.8	-3.6	-4.1	-3.4	-2.8
Money and credit (y/y percent change, end-period)						
Broad money	8.9	12.2	8.8	9.0	10.8	7.8
Domestic Credit	8.3	9.5	9.0	13.1	12.9	9.8
Financial indicators (percent, end-period)						
91-day treasury bill yield (end-period)	4.2	3.3	3.8	6.9	...	...
10-year government bond yield (end-period)	6.1	6.2	6.8	7.3	...	...
Stock market (y/y percent change, end-period)	-23.8	68.0	18.3	0.7	...	...
External trade (on balance of payments basis)						
Merchandise exports (in billions of U.S. dollars)	320.4	296.3	429.2	456.1	436.1	460.6
(Annual percent change)	-5.0	-7.5	44.8	6.3	-4.4	5.6

Source: IMF Article IV Report on India

These numbers are reliant upon data that is sourced by the IMF from India's own government sources.

There is always the possibility of a 'hidden debt' volume emerging from the source of rising 'fiscal deficit' that's 'silently hidden' and 'not accounted for' in official data.

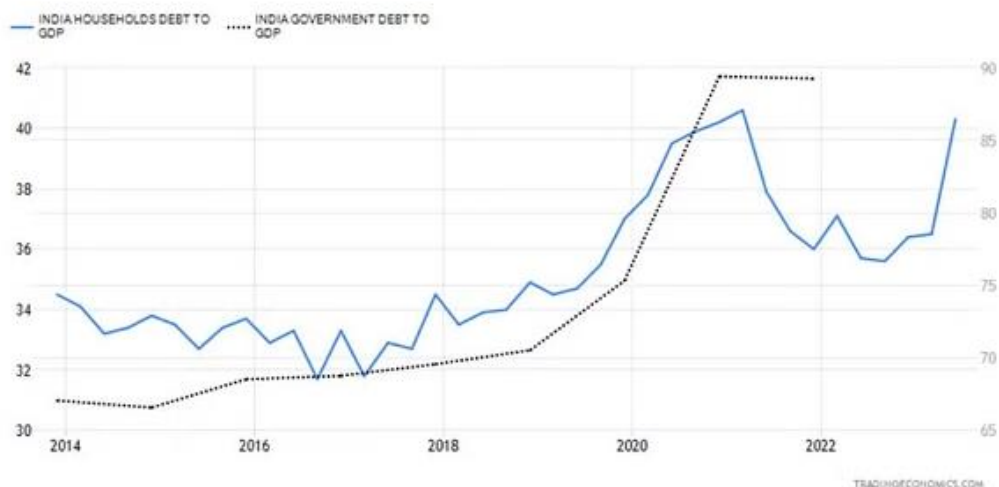
The emergence of 'hidden debt' numbers can often wreck a given economy. India isn't there yet, but it could be if a large enough external shock hits the economy at any point of time amidst alarming government figures.

Government Debt-External Debt-Household Debt

It's not as if the general government debt alone has risen in India over the last 10 years.

There is a sustained rise observed in external debt levels too (contradicting KV Subramanian), as seen below, along with a gradual but persistent rise in household debt levels, at a time when real incomes/wages have been regressively stagnant and consumer prices/inflation has remained high (which accrues higher indebtedness, particularly among lower/middle-income earners).

India's Household Debt to GDP/India's Govt Debt to GDP



Source: Author's Calculations (Trading Economics)

Rising external debt requires a greater robustness of reserve currency balance for a given country, which has been a concern for India's balance of payment position in recent times.

The RBI has done everything possible to exercise dollar selloffs for maintaining exchange rate stability in the currency market for a depreciating rupee.

If one looks at the incoming flow mechanism of forex into the country, macro-FDI levels have remained (as per IMF data in Table 1) more or less the same, even though foreign portfolio numbers have remained extremely volatile for India, signalling a rise in hot money inflow/outflow and a loss in the credibility of an emerging market to attract long term stable investment via FDI.

External trade (on balance of payments basis)						
Merchandise exports (in billions of U.S. dollars)	320.4	296.3	429.2	456.1	436.1	460.6
(Annual percent change)	-5.0	-7.5	44.8	6.3	-4.4	5.6
Merchandise imports (in billions of U.S. dollars)	477.9	398.5	618.6	721.4	701.1	751.7
(Annual percent change)	-7.6	-16.6	55.3	16.6	-2.8	7.2
Terms of trade (G&S, annual percent change)	2.1	2.0	-8.1	-2.8	3.1	0.3
Balance of payments (in billions of U.S. dollars)						
Current account balance	-24.6	24.0	-38.7	-67.0	-65.5	-73.0
(In percent of GDP)	-0.9	0.9	-1.2	-2.0	-1.8	-1.8
Foreign direct investment, net ("-" signifies inflow)	-43.0	-44.0	-38.6	-28.0	-32.8	-44.4
Portfolio investment, net (equity and debt, "-" = inflow)	-1.4	-36.1	16.8	5.2	-30.6	-33.9
Overall balance ("+" signifies balance of payments surplus)	59.5	87.3	47.5	-9.1	40.8	54.7
External indicators						
Gross reserves (in billions of U.S. dollars, end-period)	477.8	577.0	607.3	578.4	619.2	673.9
(In months of next year's imports (goods and services))	11.1	9.0	8.1	7.8	7.7	7.9
External debt (in billions of U.S. dollars, end-period)	558.4	573.4	619.1	624.3	681.1	748.3
External debt (percent of GDP, end-period)	19.7	21.5	19.7	18.4	18.7	18.5
Of which: Short-term debt	8.3	9.5	8.5	8.1	8.1	8.1
Ratio of gross reserves to short-term debt (end-period)	2.0	2.3	2.3	2.1	2.1	2.1
Real effective exchange rate (annual avg. percent change)	3.1	-0.8	0.3	-0.4	...	...
Memorandum item (in percent of GDP)						
Fiscal balance under authorities' definition	-4.6	-9.2	-6.8	-6.4	-5.9	-5.6

Source: IMF Article IV Report on India

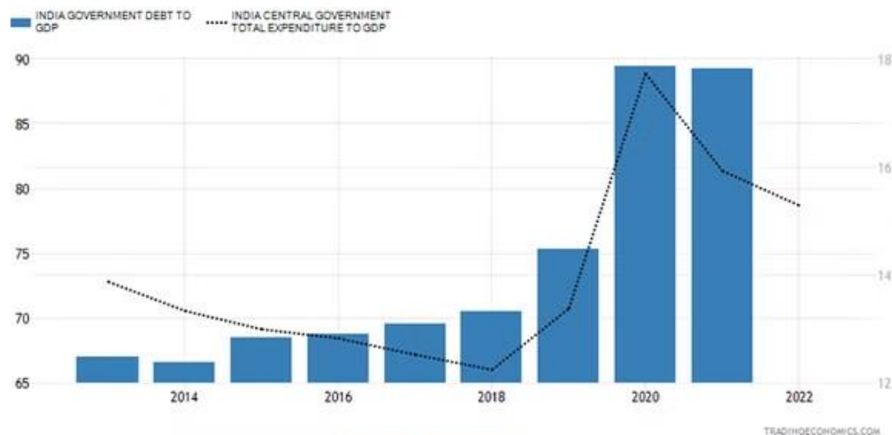
Government Debt-Government Spending-Higher Military Expenditure

If one looks at the correlative mapping of trends (over the last 10 years) in the rising government debt levels with macro-government spending one sees two things

-A rising government spending level justified for 'capital formation' (which now will be inhibited by a constrained borrowing power level as debt continues to rise)

-How much of the (rising) spending is proportionately linked to a persistently growing military expenditure

The problem is that rising spending is leading to higher growth but at the cost of essential social and welfare expenditure for human capital development.



Source: Author's Calculations (Trading Economics)

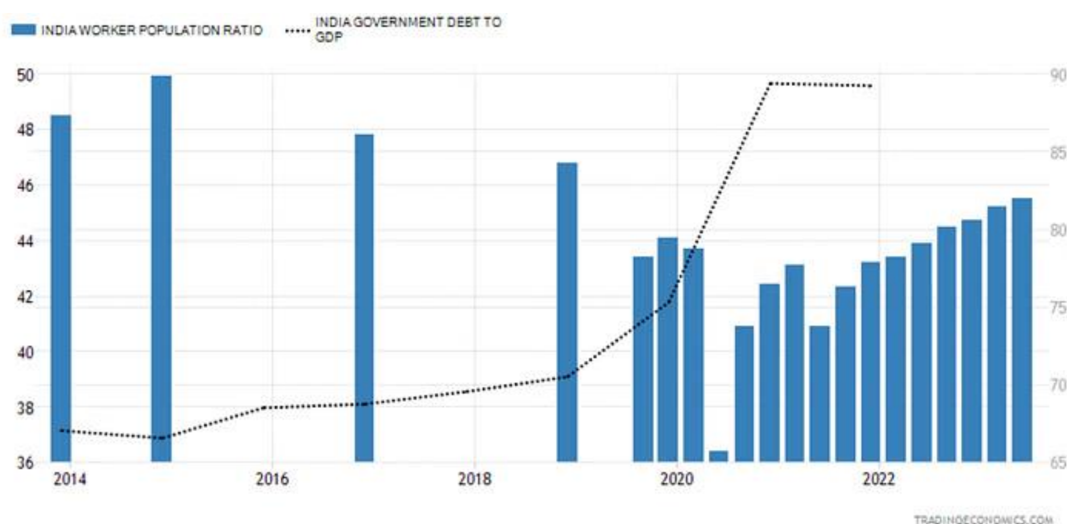
The Capex-fuelled government spending spree in the last three years hasn't been allowed for greater capital formation (to attract private capital investment for growth). The weak GFCF (Gross Fixed Capital Formation Numbers) reflect this, and that is a bigger concern.

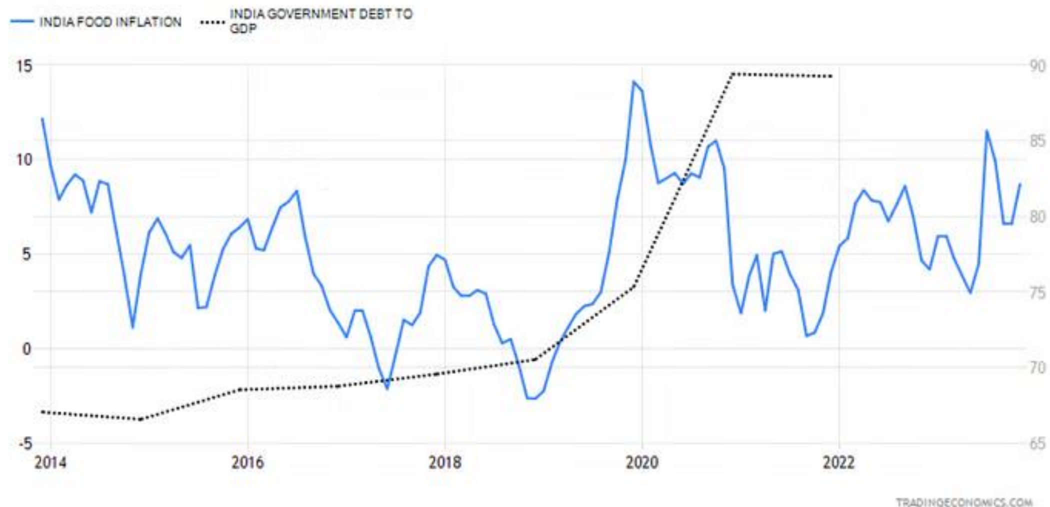
If the government is spending big and doing so by borrowing more to push for growth via private investment, and there is none of that happening (as private investment still remains woefully low and weak), the government is then basically accruing more debt at a cost of spending to waste and endangering the possibility of a future government to not be able to more 'usefully borrow' in times of crisis.

Government Debt-Employment and Inflation Woes

A high debt level accompanied with a lower employment rate and a higher food inflation level is the worst possible scenario for any emerging market economy, particularly one that boasts of experiencing a 'demographic dividend' in its working age population composition.

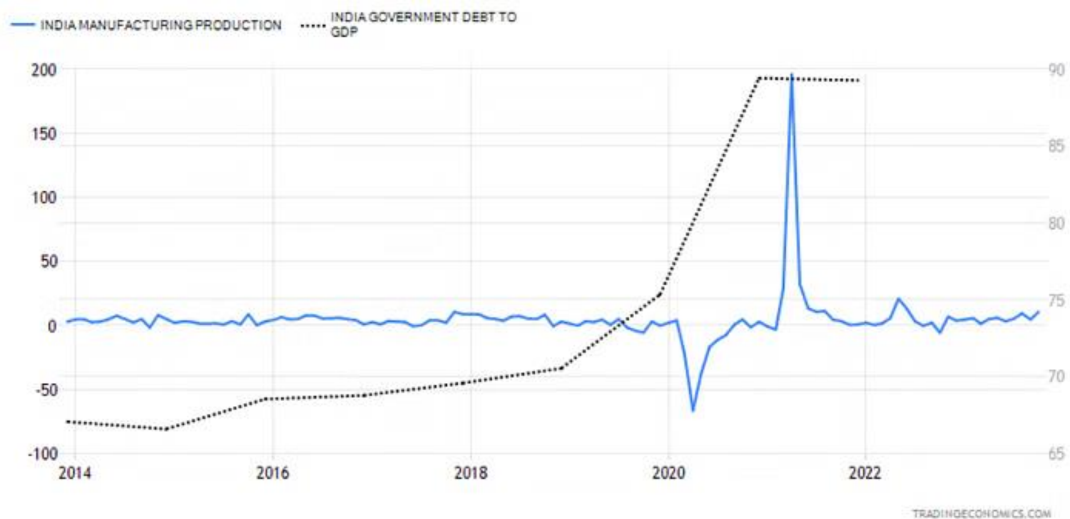
India's growth story so far in the last decade and a half has been one of 'jobless growth', anchored by a broadened phase of higher informalisation and casualisation of work happening by a process where workers are circumventing the constraints of a low-organised work availability scenario across sectors (i.e. in absence of 'good jobs').





Manufacturing production is still weak and where the potential for jobs is more i.e. in services, the nature of competitiveness, in an abundant labor/worker surplus economy, yields little opportunities in terms of higher wages.

Workers then are settling for low-value service work, a lot of which happens at the intersection of 'informal' and 'formal' work.



How is this all related to rising government (or macro) debt?

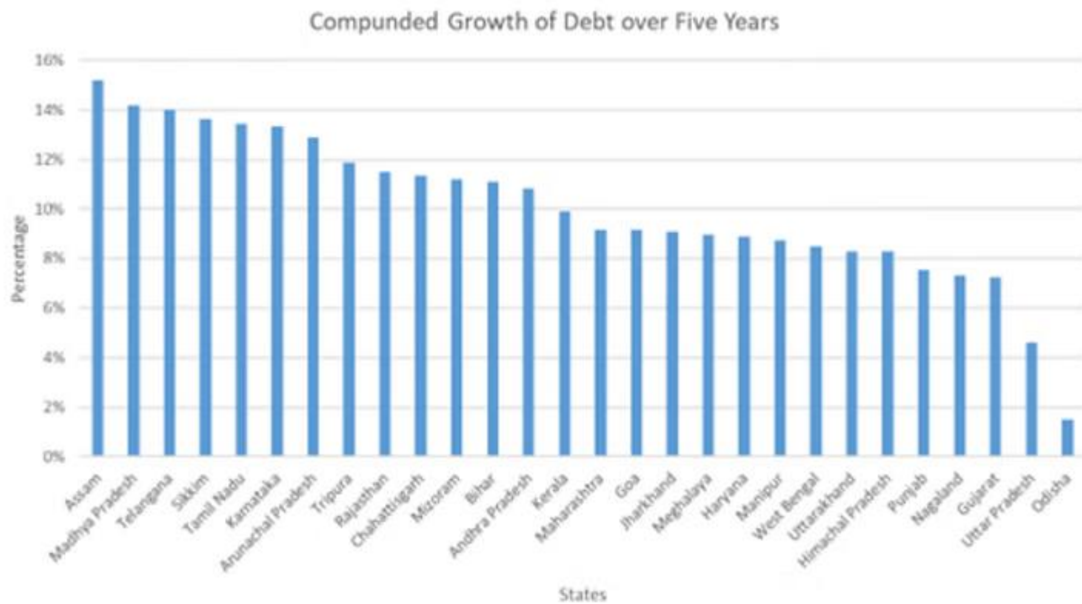
For any large emerging market country to progress and have higher growth aspirations while driving people out of poverty, having a larger credit-expansion plan in its financial sector is vital along with a larger borrowing space for crises, exogenous shocks, or disruptive responses.

Even as credit is growing in India's financial sector (which is vital for growth prospects), a higher debt level-amidst a lower growth cycle will leave lesser space for both: a long term credit expansion or borrowing to happen.

State-Wise Internal Debt

Mizoram currently grapples with the highest debt-to-GDP ratio among the Indian states, standing at 53%, according to recent budget estimates.

Following closely are Punjab and Nagaland with ratios of 44% and 47%, respectively.



Odisha maintains a low level of accrued debt by adhering to a stricter fiscal discipline. The state abides by annual budget deficit targets, averting elevated interest rates and decreasing borrowing expenses. Odisha's performance is primarily ascribed to its savvy control of expenditures rather than its ability to generate money, considering the limited opportunities for the latter.

Although the state is a key producer of paddy, it manages to avoid incurring a substantial subsidy cost, unlike Punjab, which has unpredictable rainfall patterns while producing a substantial amount of India's wheat.

As observed for Assam, increasing debt has been driven by loans for development projects, sourced from financial institutions and the Central government. https://www.thequint.com/opinion/india-debt-numbers-at-the-union-and-state-level-indicate-a-brewing-crisis#read-more

6. The 16th Finance Commission must help fund city councils and panchayats *(livemint.com)* 01 Jan 2024

It should find a clear way to carve out funds for local bodies that India needs to empower financially.

The Finance Commission must be set up every five years by the President of India, as per Article 280 of the Constitution. The main purpose of this statutory body is to recommend the split of net tax revenues. Its recommendations are almost always accepted by the Union government. The commission is supposed to use its judgement regarding vertical and horizontal equity while deciding a fair split. The former refers to the split between the Union and states, and the latter across all states. There is no mathematical formula, but even then, every commission has tried to be as fair and transparent as possible. Since the first Finance Commission set up in 1951, the vertical split has gone from 10% of the divisible pool for states to 42% in the 14th, before retreating to 41% in the 15th Finance Commission.

While 42% might seem generous, it is not as much if you note the basic asymmetries in India's federal structure. Purists who are peeved by my use of the word 'federal,' since the word is absent in the Constitution, might take a pause! Yes, India is a union of states, and the Union government can create, alter, divide and even extinguish states. The states of India did not pre-exist and nor did they come together voluntarily to form a federation. In that sense, they are the creation of the Centre and have very limited sovereignty. But for a country with a sixth of the world's population, where several individual states are larger than most countries of the world, the fiscal autonomy of these sub-sovereign entities is a very important issue.

The first asymmetry relates to revenue raising capacity and expenditure obligations. Two-thirds of all government expenses for the delivery of basic public services are the responsibility of the local or state government. This excludes development or capital expenditures. But only one-third of the revenue-raising capabilities are at the state level. Local governments, i.e. the third tier below the state, have negligible taxing powers. This is a structural asymmetry. To the extent that the finance commission's task is a 'gap filling exercise' of funding the deficit at the state level, it becomes imperative that the asymmetry be countervailed by a larger vertical split to the states.

The second asymmetry relates to states' autonomy in raising debt. If a state falls short in its tax revenue raising capacity, can it access banks and bond investors? The short answer is no. If it is already indebted to the Union government (most states are), then it needs permission to borrow. And accessing foreign banks or bond investors is ruled out.

The third asymmetry arises from residuary powers as per the Constitution. Even in the concurrent list of the Seventh Schedule, the Union government has a greater say. And

what is left unsaid or unspecified is automatically prohibited to the state's legislative, executive or fiscal domain. All amendments to the Seventh Schedule since the 1950s have led to increasing centralization, and creeping expansion of the role of the Union government. Subjects such as agriculture, land, labour, employment and health, which were to be exclusively in the states' domain, are increasingly dominated by national schemes such as an employment guarantee, health insurance and direct benefits. Not to forget the Pay Commissions and similar conduits of influence. As chairman of the PM's Advisory Council, Bibek Debroy has written in these pages, "There was a history, legacy, (and a) centralization mindset and shortage syndrome behind the Seventh Schedule... (and hence) it deserves independent scrutiny."

Under Arvind Panagariya, the 16th Finance Commission has its work cut out. It has to address these structural imbalances. Also, it has to contend with increased funding needs for the provision of national level public goods, such as meeting net-zero emission targets. Some states contribute disproportionately to forest cover and biodiversity. How can they be compensated, even as their own revenue-raising capacity remains constrained? This calls for a bigger central pool. But widening inter-state disparities call for more grants-in-aid. What conditionality will the Commission attach? Is more aid to backward states taking away from the welfare spending needs of advanced states?

A key area where the new Commission must focus, and where it can make a historic contribution, is strengthening the third tier. Even after 30 years of Panchayati Raj legislation, and even with increased demand for governance and accountability from local bodies, they remain helplessly hobbled, either without funds and functionaries or at the mercy of their state governments. The recommendations of most state finance commissions are routinely flouted or ignored. How can a city council or a panchayat have greater say in how the local school system is run? Or how can garbage collection improve? Can a local government levy a small property tax on an airport project in its precincts? The 16th Finance Commission must find a way to carve out resources from the Consolidated Fund of India. For starters, local bodies together must have access to at least 2% of GDP annually, as against 28% kept for the Union government alone. Let this transfer be unconditional, and bypass both the Centre and state machinery. Successive
Finance Commissions since the 11th have referred to local bodies. The 13th did a lucid analysis of the issue. Its recommendations include amending Articles 280 and 243-I, which is eminently doable. The 16th Finance Commission should take this to its logical conclusion and empower the third tier. https://www.livemint.com/opinion/online-views/the-16th-finance-commission-must-fund-the-third-tier-explicitly-11704123865363.html

7. Finance panel should curb populism *(thehindubusinessline.com)*

Updated - January 01, 2024 | BY GOVIND BHATTACHARJEE

Fisc matters. The 15th Finance Commission provided only 2.5 per cent weightage to fiscal efficiency in devolution. The 16th FC could review this norm

The 16th Finance Commission (FC) is about to be constituted for recommending the devolution of Central taxes and grants to States. The RBI's just published report: "State Finances: A study of Budgets" has red-flagged the issues the FC will certainly be asked

to look into, like States reverting to the Old Pension Scheme (OPS), and unsustainable subsidies flowing from the guarantees or freebies promised at the time of elections, regardless of the financial conditions of States.

Under Article 280(3) of the Constitution, apart from recommending the devolution of taxes and grants-in-aid to the States, the FC may be asked by the Centre to look into any other issue “in the interest of sound finance”.

The 15th FC proposed measurable performance-based incentives for States in “incurring expenditure on populist measures”.

Curbing populism

This attracted widespread criticism, because both States and the Centre indulge in populisms to serve their respective political ends. Besides the two may also differ on what constitutes populism. It also may amount to Centre’s intrusion into States’ legislative powers.

A better mechanism to control such expenditure would be through consensus between the Centre and the States rather than through FC devolution, but this is well-nigh impossible given the fractious nature of politics in India.

As the 15th FC noted in its report, States also stressed that the categorisation of schemes into populist and non-populist cannot be done objectively, as development requirements differ from State to State. Also since elected governments are accountable to the States’ people, it is they, rather than the FC, who should have the prerogative of deciding welfare schemes.

The FC’s response was only to lay down the principle that adequate incentives should be given to States based on outcomes, and the outcome-based indicators should be fixed against each incentive using credible and verifiable data.

The FC provided some sector-specific incentives on health, education, agriculture, etc., based on the above principles. The issue is almost certain to be referred again to the 16th FC in view of the deteriorating finances and rising debt of States post-Covid.

Other institutions, like the Supreme Court or the Election Commission before whom the matter came up, could also not do much.

After all, delivering welfare remains primarily a legislative function, not judicial. But the single-minded focus of political parties to win elections at any cost is driving the need and urgency of checking such profligacy.

Finance Commission may not be equipped or even mandated to deal with the political aspects related to freebies, but since in recommending transfers, it must consider the finances of both the Centre and the States, it can play a positive role in highlighting the strains in finances that freebies create, often forcing States to borrow beyond their capacity and passing on the burden to future taxpayers, affecting future growth.

FC transfers are generally based on the triple criteria of equity, equalisation and efficiency. But fiscal efficiency has been treated as dispensable by the FCs, while

equalisation has taken the driver's seat. While the 14th FC did not consider any efficiency criteria, the 15th FC gave only 2.5 per cent weightage to the fiscal efficiency as measured by tax effort (Own Tax to GSDP ratio). The RBI report rightly argued for fiscal efficiency parameters to encourage fiscal consolidation.

Of late, some Opposition-ruled States have reverted to the OPS under which governments incurred indefinite liabilities toward their employees' pension, reversing the New Pension Scheme (NPS) introduced in 2004, whereby this liability was limited to the serving life of the employees.

Five States have already done so, while two others — West Bengal and Tamil Nadu — have never even implemented the NPS. An internal RBI study measured this liability to be 4.5 times more in case of OPS compared to the NPS, with the additional burden reaching 0.9 per cent of GDP by 2060. The RBI report pointed out that this retrograde step will restrict growth, undermine the benefits of past reforms and compromise the interest of future generations.

Excessive expenditure

FCs provide grants to States for bridging any post-devolution revenue deficit the States may face, which acts as a disincentive for States to undertake fiscal reforms.

Many States have deficits because of subsidies for populist measures like free electricity etc.

An assessment of the FY2022 Finance Accounts of all States show that States spent 0.87 per cent of their GSDPs on the average on subsides, but a few States spent much more (Punjab 2.35 per cent, Rajasthan 1.92 per cent, MP 1.69 per cent, Chhattisgarh 1.62 per cent, Bihar and Jharkhand 1.58 per cent, etc.). The argument that backward States need more funds to improve delivery of services falls flat in view of these data.

Populism of a particular State cannot be financed by taxpayers of other States which is what any FC transfer does in effect. The RBI report rightly argued for the FC to consider higher share of conditional transfers to States "based on reforms, quality of expenditure and fiscal sustainability."

If populism is the choice of a State, it must be at its own cost and risk. If it passes the cost to future through unfunded borrowings, it must pay the price. https://www.thehindubusinessline.com/opinion/finance-panel-should-curb-populism/article67696119.ece

8. Growth Engine Revs Up *(businessworld.in)* 02 Jan 2024

The private sector had long complained of credit availability in banks. That no longer holds good. If the private sector now joins the government to invest in manufacturing and infrastructure, India's economy can once again beat economists' forecasts of muted growth in 2024-25

With India's GDP in the July-September 2023 quarter beating all estimates to record growth of 7.6 per cent, is India's economic engine now firing on all cylinders?

Other data points are positive as well. Goods and Services Tax (GST) collections in November 2023 were 15 per cent up year-on-year at Rs 1.68 lakh crore despite fewer working days in the month due to Diwali. The S&P Global India manufacturing purchasing managers' index (PMI), a bellwether for economic activity, rose from 55.5 for October to 56 for November.

Following the surge in the BSE Sensex, the market cap of stocks listed on the BSE rose above $4 trillion for the first time. Only four countries (the United States, China, Japan and Hong Kong) have higher market caps. The BJP's victory in three assembly elections – Rajasthan, Madhya Pradesh and Chhattisgarh – has added momentum to Indian stocks ahead of the 2024 Lok Sabha poll.

With GDP growth for the first half of 2023-24 averaging 7.7 per cent, global and Indian financial institutions have upgraded their forecasts for India's full-year GDP growth. State Bank of India now projects India will grow at seven per cent this fiscal. Morgan Stanley projects 6.9 per cent growth in 2023-24. Barclays, Citigroup and Bank of Baroda forecast full-year growth at 6.7 per cent.

The Reserve Bank of India (RBI) has cautiously stuck to its prediction of 6.5 per cent growth in 2023-24. But for that to happen, growth in the second half of this fiscal – October 2023 to March 2024 – would need to fall to 5.3 per cent. That is unlikely to happen, even assuming the most pessimistic scenario of a spike in crude oil prices to $100 a barrel and further trade disruption due to the Russia-Ukraine war which, as sub-zero winter temperatures set in, is likely to remain stalemated.

What are the factors driving sustained Indian economic activity even as other large global economies slow down? Manufacturing, construction, electricity, mining, gas, water and other utilities are boosting growth. Services continue their upward trajectory. As AI-focused solutions gain traction in the West, Indian IT companies expect a better second half this fiscal after a tepid first half. Third quarter results from TCS, Infosys and HCL Tech, India's three largest IT services companies, will be announced in the second week of January 2024. They will be closely watched.

*Banking on growth

The banking, financial services and insurance (BFSI) sector has been an outstanding performer. It accounted for nearly 35 per cent of total corporate profits in the July-September 2023 quarter. A key factor is the years-long clean-up of banks' non-performing assets (NPAs).

As Roshan Kishore, data editor of Hindustan Times, wrote: "At the peak of the bad loan crisis in 2017-18, gross NPAs accounted for 11.2 per cent of total loans and advances of all Scheduled Commercial Banks (SCBs). This number was 14.6 per cent for Public Sector Banks (PSBs). This has fallen consistently since then and was 3.9 per cent and 5.2 per cent for SCBs and PSBs according to RBI's June 2023 Financial Stability Report.

"An analysis of RBI data on movement on NPAs for SCBs shows that the biggest reason for the fall in NPAs in absolute terms has been a decline in creation of new NPAs. This becomes clear if one looks at addition of new NPAs as the share of opening balance of NPAs in that year. Between 2009-10 and 2015-16 the addition to NPAs in

each year was higher than the opening balance in three years (2009-10, 2011-12 and 2015-16), at least 90 per cent of the opening balance in 2012-13 and 2013-14, and 83.9 per cent and 79.2 per cent in 2010-11 and 2014-15. This number has fallen almost consistently in the period after that and it was around one-third in 2020-21 and 2021-22."

The reason for this fall in NPAs? Chronic bad loans incurred during the infamous "phone-banking" era of 2004-14 were written off. The government had to recapitalise public sector banks to ensure they met statutory capital adequacy ratios. Since most of the decadal phone-banking liabilities were borne by PSBs, private banks like ICICI Bank and HDFC Bank escaped largely unscathed.

It's important for the Indian economy's sustainable growth that banks have the liquidity to spur credit offtake by the corporate sector. So far investment, especially in infrastructure, has been boosted by government-financed capex. The private sector had long complained of credit availability in banks. That no longer holds good. If the private sector now joins the government to invest in manufacturing and infrastructure, India's economy can once again beat economists' forecasts of muted growth in 2024-25.

Other data metrics meanwhile are improving as well. Inflation has moderated. The wholesale price index (WPI) has been negative for months. The Consumer Price Index (CPI) has dipped to 4.87 per cent, well within the RBI's comfort range of 2-6 per cent.

*Turbocharged
India continues to be the world's fastest-growing large economy. China's economic growth is unlikely to breach four per cent this fiscal while growth in most of Europe is set to stagnate on either side of one per cent.

The United States is among the few Western economies displaying resilience. Its full-year GDP growth could spurt to three per cent. The US, unlike Europe, is an oil exporter and pumps as much crude, 10 million barrels per day, as Saudi Arabia. Its military-industrial complex (MIC) is busy supplying weapons to Ukraine. Protected on both sides by the Atlantic and Pacific Oceans, the US does not fear attacks on its energy infrastructure as Europe does. Around 1.5 million legal immigrants enter the US every year. They add talent, energy and enterprise to the US economy.

Like heterogeneous India, diversity is the secret sauce underlying America's economy. https://www.businessworld.in/article/Growth-Engine-Revs-Up/02-01-2024-504230/

9. Water governance reforms overdue *(thehindubusinessline.com)*

Updated: January 01, 2024

A regulator for the entire water sector at the State level is needed. Only 5 States have water regulators

At 1.4 billion, India accounts 17.5 per cent of the world's population but has only 4 per cent of the fresh water resources. The per capita annual fresh water availability has gone down from 5177 cu m (1951) to 1486 cu m (2019) (see Table). Thus India is a water

stressed country; out of 766 districts, 256 are water stressed. By 2050, India is likely to experience water scarcity.

Among the G20 countries, India's per capita GDP is the lowest. India aspires to become the second largest economy by 2047. This will have an enormous impact on the use of water resources by various stakeholders. India receives water during monsoon and from the melting of ice.

Rainfall is erratic and the data (1990-2021) show that about 30 per cent of the districts received less than normal South-West monsoon rainfall in 20 out of 32 years. This tendency is likely to increase in the coming years due to global warming and climate change.

The water sector hasn't seen the kind of far-reaching reforms the electricity and telecom sectors have witnessed.. Water management is beset by bureaucratic hurdles, there's lack of equity in water access, and British common law, especially in giving unlimited power of groundwater withdrawal to the owner of land (Article 7(g) of Easement Act 1882), is still followed.

Cooperative federalism in water governance, adoption of multidisciplinary expertise, bridging silos in water sector, and building multi-stakeholder partnership are the need of the hour.

G20 experience

Recent meetings of G20 countries discussed innovations in water management in the areas of water use efficiency (Turkey, the UK, Saudi Arabia, India); river rejuvenation (Australia, China, France, India, South Africa); climate resilient infrastructure (the UK and the US); safe drinking water (Germany, India, Mexico); water supply augmentation (Saudi Arabia); efficient water governance (Japan, Saudi Arabia); waste water management (India, Saudi Arabia); watershed management (Australia, Saudi Arabia); and and groundwater management (China and Slovakia). These approaches are worth emulating. Although per capita annual renewable water is 67 cu m (2019) in Saudi Arabia, it has one of the highest per capita income in the world. In 2018, the country developed National Water Strategy (NWS) 2030 based on integrated water resources management approach.

The objective was to attain water availability, comply with quality, achieve environmental and economic sustainability and affordability, and reform the water and wastewater sectors to ensure the development of water resources. The strategy was taken up by restructuring of the water sector to increase efficiency, setting regulations, building capacity, and increasing reliability.

Under the NWS, a few sector agencies were positioned for improved water management: (a) the Ministry of Environment, Water and Agriculture is given the overall in-charge of developing sector strategy, managing surface and ground water resources, and ensuring that all the water agencies work together; (b) the bulk water supply agency is the Saline Water Conversion Corporation which is responsible for desalinated water production and transmission to major urban areas; (c) the Water Technology and Transmission Company will own and operate long distance water transmission network; (d) the National Water Company deals with national water

including wastewater as a utility; (e) the Saudi Water Partnership Company deals with build, operate and transfer contracts, wastewater treatment plants, water transmission lines and water storage facilities; (f) the Saudi Irrigation Organisation is in charge of building up of the country's irrigation infrastructure, and developing the wastewater reuse sector, and (g) there is an overarching water regulator for regulating water management within the sector including setting water tariffs.

The adoption of NWS has resulted in reduction of agricultural use of non-renewable groundwater resources from 20.6 bcm (2017) to 9.7 bcm (2022), and there is an increase in reuse of water from 17 per cent of total treated wastewater to 24 per cent (2022).

Agenda for action
In India, water is a State subject except inter-State regulation of rivers which, as per the Constitution of India, is under Central purview. Therefore, any water sector restructuring should be mainly at the State level with proper overview by the Central Government. An institutional mechanism covering the Centre and States should be created to work for cooperative federalism in water governance. The existing National Water Resource Council should be revamped.

Second, the water agencies established in Saudi Arabia are worth emulating given that rainfall is erratic due to global warming. For example, establishing institutions akin to those set up by Saudi Arabia may enable India achieve higher irrigation water use efficiency, better treatment of wastewater and their use, greater private sector participation in water sector, etc.

Third, there is a need to introduce an overarching institution for regulating the entire water sector at the State level. At present, out of 28 States, only a few have water regulators. Their jurisdiction on the overall performance of the water sector is not comprehensive, and their core functions such as tariff regulation, checking quality of service and monitoring compliance, monitoring the utility's financial viability, adjudication of disputes, consumer protection, and enforcement of licencing conditions are not explicit. A model water regulatory framework should be developed for adoption by various States, and they should be incentivised for early introduction of water regulators.

Finally, the existing institutions operating at the Central State levels need to examined. At Central level, the CWC (Central Water Commission) and CGWB (Central Ground Water Board) need to be restructured to ensure multidisciplinary expertise with various divisions reflecting various water priorities. States should also examine their varied water institutions/ departments for sustainable water resource management in the States. This approach will enable India to achieve various Sustainable Development Goals by 2030. https://www.thehindubusinessline.com/opinion/water-governance-reforms-overdue/article67696215.ece

10. 80% of projects have not put up green compliance reports *(timesofindia.indiatimes.com)* Jan 02, 2024

New Delhi: The Delhi State Environment Impact Assessment Authority (SEIAA) has found that only 20% of the projects that had received environmental clearance (EC) till

March 2023 have uploaded the mandatory sixmonth compliance reports on the central Parivesh portal.

It is mandatory for the large construction projects in the city to seek an EC from SEIAA.

The approval is given on certain conditions to ensure that environment doesn't deteriorate on varied parameters and conditions include plans to control dust and air pollution at the site, usage of treated water during construction, water requirement post-construction, provision of rainwater harvesting, solid waste management plans, parking infrastructure and the number of trees required to be felled or transplanted.

SEIAA said since majority of the projects did not upload the compliance report on the Union ministry of environment, forest and climate change's (MoEF&CC) Parivesh portal, they might be not following all conditions.

"Only five projects have uploaded their six-monthly compliance reports on the Parivesh portal, out of the 25 environmental clearances awarded by the present SEIAA till March 2023. For this, the project proponents were supposed to submit compliance reports by June 1, 2023. This may be brought to the notice of the regional office of MoEF&CC," said SEIAA during its latest meeting on November 16. The minutes of the meeting were shared recently.

In an earlier meeting held on November 7, SEIAA had raised the issue of projects probably not following the environmental norms after receiving an EC. SEIAA had observed that there was "no mechanism or a body to check whether the project proponents were indeed complying with the conditions laid down in the EC, which could be detrimental to Delhi's air quality".

In the recent meeting, SEIAA stated that the mandate of monitoring of post environmental compliance was with MoEF&CC through its regional offices based on an environmental impact assessment (EIA) notification issued in 2006. SEIAA has now requested the ministry to delegate powers to check such clearances to the Delhi SEIAA. "The Union environment ministry be requested to delegate power to SEIAA Delhi to inspect and monitor the compliance of conditions of environmental clearances under Section 10 of the Environment Protection Act 1986," read the minutes of the meeting.

Reena Gupta, a member of SEIAAA, had earlier said, "The decision of monitoring compliance was taken after we received multiple citizen complaints on construction dust, which was also shared in newspapers and portals. However, if environmental conditions are not met, the entire purpose is wasted." https://timesofindia.indiatimes.com/city/delhi/80-of-projects-fail-to-submit-green-compliance-reports/articleshow/106463268.cms

11. Supporting regulatory framework needed to harness benefits of AI: Reserve Bank of India Deputy Governor *(telegraphindia.com)* Jan 01, 2024

Emergence of Artificial Intelligence, or AI, is also being cited as being in the same league and proponents of AI sound convinced that it is going to transform the future: RBI DG

Reserve Bank of India Deputy Governor M Rajeshwar Rao has made a case for a supportive regulatory framework to harness benefits of Artificial Intelligence (AI) while remaining mindful of its potential adverse impacts on the financial system.

Speaking at the 106th Annual Conference of Indian Economic Association in Delhi on December 22, Rao said the emergence of Artificial Intelligence, or AI, is also being cited as being in the same league and proponents of AI sound convinced that it is going to transform the future.

In the financial sector, he said, "We are seeing several banks and non-banks experimenting with AI. Global experience, so far, however, suggests that such deployment is mostly limited to back-office work and optimisation of business processes to deliver efficiency gains." Some of the banks have also deployed AI solution to manage compliance requirements, which are routine, for identification of patterns in transactions or payments to detect money laundering attempts or for facilitating cross-border transactions and settlements, he said.

Some entities have also reported to deploy AI solutions in customer facing processes such as for making lending decisions or identification of target customer segments, he said.

Given its transformative nature and potential, he said, if realised, generative AI could have a deep impact, on productivity, jobs, and income distribution.

The advocates of AI expect widespread benefits for the economy and society, including increase in income levels, automation of repetitive tasks, and obtaining better insights by combining different sets of information and data that may be otherwise difficult for human processing, he said.

There are others who are more sceptical and point to several societal consequences, including increased unemployment, he said.

They also point out that if the long-term benefits are largely benign, the reallocation of resources and labour in the transition could be challenging, he said.

"We have also seen these concerns being expressed in India with reference to the IT sector, but the debate is ongoing and is unlikely to be settled in near future," he said.

Observing that there are only a handful of entities globally that have a large amount of data available to train GenAI models, he said this could give rise to the questions of market power, competition and cross-jurisdictional issues.

As banking sector evolves, he said emerging technologies and AI will play a significant role in the process.

"We need to ensure a supportive regulatory framework to harness its benefits while being mindful of any potential adverse impacts and therefore robust governance arrangements and clear accountability frameworks are important when AI models are deployed in high-value decision-making use cases," he said.

Development and deployment of AI models need close human supervision commensurate with the risks that could materialise from employing the technology by the financial institutions, he said.

As the adoption of AI is increasing, he said global efforts to develop regulatory frameworks to help guide the use of AI applications, are also increasing and greater cooperation in this process would be required.

"Our collective endeavour should be to embrace this evolution with mindfulness and a sense of responsibility, while committing to a future where technology serves as an enabler for the society at large," he added. https://www.telegraphindia.com/business/supporting-regulatory-framework-needed-to-harness-benefits-of-ai-reserve-bank-of-india-deputy-governor/cid/1990820.

12. Govt relaxes norms governing public expenditure exceeding Rs 500 cr for Q4 *(financialexpress.com)* January 1, 2024

In order to give a push to the economy, the government has relaxed norms governing public expenditure exceeding Rs 500 crore during the fourth quarter (January-March) of the current financial year. Instructions to this effect were issued by the finance ministry through an office memorandum last week.

The relaxation, according to a memorandum, is aimed at providing a “fillip to public expenditure”. The relaxation is subject to strict adherence to the Single Nodal Agency (SNA)/Central Nodal Agency (CNA) guidelines issued by the Department of Expenditure. “Financial Advisers shall monitor the releases to ensure that there is no idle parking of funds at any level and the funds are released on a just-in-time basis,” the memorandum said.

According to the finance ministry, capital expenditure by central public sector enterprises touched about 52 per cent of the Budget target at Rs 3.79 lakh crore in the first half of the current fiscal.

This is higher than the capex by CPSEs in the April-September period of last fiscal. In the first half of the previous fiscal, the figure stood at Rs 2.85 lakh crore or 43 per cent of Budget estimates for the 2022-23 fiscal.The full-year capex by CPSEs was estimated at Rs 6.62 lakh crore in the 2022-23 fiscal. https://www.financialexpress.com/policy/economy-govt-relaxes-norms-governing-public-expenditure-exceeding-rs-500-cr-for-q4-3352671/

13. NREGS payments: Aadhaar-based system mandatory now, Govt says may consider exemptions on case basis *(indianexpress.com)* January 2, 2024

With the Aadhaar-based payment system (ABPS) now mandatory for payment of wages to NREGS workers, the Government on Monday said it may consider exemptions on a "case-by-case basis" should any gram panchayat face "technical issues".

The announcement by the Rural Development Ministry came hours after the Congress attacked the Government, calling the ABPS Prime Minister Narendra Modi's "cruel New Year gift to exclude crores of the poorest and marginalised Indians from earning a basic income".

Under ABPS, workers' 12-digit Aadhaar numbers are linked with their job cards as well as their bank accounts. The system was first made mandatory with effect from February 1, 2023 but, through several extensions, the Centre allowed until December 31, 2023 the mixed route — of ABPS and NACH, an interbank system used for bulk payments such as subsidies and salaries.

With no extension granted to states beyond December 31, the ABPS became mandatory from January 1, 2024.

"The Government of India has decided to make the wage payment of unskilled workers through APBS to ensure the payment of beneficiaries into their bank accounts, even in case of frequent change of bank account by the beneficiary," the Ministry said in a statement.

"In case, if any gram panchayat of a district in the state is having either technical problem or Aadhaar-related problem, the Government of India may consider exemption from APBS on case-by-case basis till the resolution of the issue," it added.

Earlier in the day, Congress leader Jairam Ramesh accused the government of "weaponising technology, especially Aadhaar".

"Indian National Congress condemns the Prime Minister's cruel New Year gift to exclude crores of the poorest and marginalised Indians from earning a basic income through public works under MGNREGA," Ramesh said in a post on X.

"Congress also reiterates its demands from 30th August, 2023 that the Modi government should stop weaponizing technology, especially Aadhaar, to deny the most vulnerable Indians their social welfare benefits, release delayed wage payments and implement open muster rolls and social audits to improve transparency," he wrote. https://indianexpress.com/article/india/nregs-payments-aadhaar-based-system-mandatory-now-govt-says-may-consider-exemptions-on-case-basis-9091073/

14. Nearly 97.38 per cent Rs 2,000 notes returned to banking system; Rs 9,330 crore still with public: RBI *(newindianexpress.com)* 01 January 2024

MUMBAI: The Reserve Bank of India (RBI) on Monday said that nearly 97.38 per cent of the Rs 2,000 banknotes have been returned to the banking system, and only about Rs 9,330 crore worth of the notes are still with the public.

On May 19, the RBI announced the withdrawal of Rs 2,000 denomination bank notes from circulation.

"The total value of Rs 2,000 banknotes in circulation, which amounted to Rs 3.56 lakh crore as at the close of business on May 19, 2023, when the withdrawal of Rs 2,000 banknotes was announced, has declined to Rs 9,330 crore as at the close of business on December 29, 2023," the RBI said in a statement.

Thus, 97.38 per cent of the high-value currency in circulation as of May 19, 2023, has since been returned to the banking system, it added.

"The Rs 2,000 banknotes continue to be legal tender," the RBI added.

People can deposit and/or exchange Rs 2,000 banknotes at the 19 RBI offices across the country.

People can also send Rs 2,000 bank notes through India Post from any post office to any of the RBI Issue Offices for credit to their bank accounts in India.

Public and entities holding such notes were initially asked to either exchange or deposit them in bank accounts by September 30.

The deadline was later extended to October 7.

Deposit and exchange services at bank branches were discontinued on October 7.

Starting October 8, individuals have been provided with the choice of either exchanging the currency or having the equivalent sum credited to their bank accounts at the 19 offices of the RBI.

Meanwhile, queues are being witnessed during working hours at the RBI offices for exchange/deposit of Rs 2,000 notes.

The 19 RBI offices depositing/exchanging the bank notes are in Ahmedabad, Bengaluru, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.

The Rs 2,000 banknotes were introduced in November 2016 following the demonetisation of the then-prevailing Rs 1,000 and Rs 500 bank notes. https://www.newindianexpress.com/business/2024/jan/01/nearly-9738-per-centrs-2000-notes-returned-to-banking-system-rs-9330-crore-still-with-public-r-2646810.html