NEWS ITEMS ON CAG /AUDIT REPORTS

1. Improving the capability of the Indian state *(thehindu.com)* 02 Dec 2023

Perverse incentives created by public institutions and the skill gap among officials have eroded the ability to form and implement sound policies

The Indian state is a paradox of too big and yet too small. Try setting up a business or building a house in an urban area, and you will quickly realise how the thicket of the licences, permits, clearances, and permissions can make life impossible. Even as an ordinary citizen, one can never be sure to be on the right side of the law and the circuitous regulations.

At the same time, the Weberian state in India is too small. In the G-20 group, the country has the smallest number of civil servants per capita. The public sector share in total employment in India (at 5.77%) is half the corresponding figures for Indonesia and China, and just about a third of that in the United Kingdom. With approximately 1,600 per million, the number of central government personnel in India pales in comparison to 7,500 in the United States. Similarly, the per capita number of doctors, teachers, town planners, police, judges, firefighters, inspectors for food and drugs, and regulators is the lowest even among countries at a similar stage of development.

The Indian state is relatively small on the other metrics, such as the tax-GDP ratio and public expenditure-GDP ratio. Be it public goods provisions, welfare payments, or the justice system, it is a story of scarcity rather than surplus. Due to an inadequate state capability, governments at the Centre and States end up outsourcing services that are better provided by the public sector, such as primary health.

Debating the role of the state

The proponents of inclusive development rightly pitch for a bigger role for the state — increased public spending on health, education, social security and a larger officialdom to go with it. Their detractors, on the other hand, cite innumerable policy failures to argue for a smaller state. The unwieldy state’s performance, they contend, is disappointing on all fronts be it students’ learning outcomes, child and maternal mortalities, farm and firm productivity, traffic conditions, and crime rates, among others.

Both sides to the debate are missing something fundamental. True, the Indian state is ‘people-thin’ but ‘process-thick’. The main problem, however, is the perverse incentives created by public institutions and the skill gap among officials. These factors have eroded the ability of the political executive and civil services to make and implement sound policies. A recent book, State Capability in India, by T. V. Somanathan and Gulzar Natarajan, two Indian Administrative Service (IAS) officers, suggests various measures to improve things without fiscal and political consequences.

For instance, there is an extreme concentration of policymaking and implementation powers within departments. Experiences of countries such as Australia, Malaysia and the United Kingdom show that separating policymaking and implementation responsibilities expedites execution and encourages innovations, making the programmes better suited to local contexts. The Indian case in point is the National Highways Authority of India, which is tasked with executing national highway projects, while policy decisions are made at the ministry level. This arrangement has drastically reduced delays and cost overruns.

Moreover, restrictions on the frontline personnel to decide on implementation-related issues foster a culture of mistrust and lack of accountability for poor implementation. The vicious cycle wherein poor delegation and a deficient state capability feed each other can be broken by delegating financial and administrative powers to the frontline functionaries, with clearly defined processes for using them.

The technocratic gap

The top policymakers exhibit a lack of technocratic skills to govern an increasingly complex economy. In the absence of adequate capability to deal with economic, financial, contract and other technical matters, the Centre and the States hire consultancy firms. According to media reports, the central government paid over ₹500 crore in the last five years to outsource crucial tasks to the big five consultancy firms, i.e., PricewaterhouseCoopers, Deloitte, Ernst & Young, the KPMG and McKinsey.

An institutionalised and regular lateral entry at the mid and senior levels can help fill the civil services' size and technocratic gap. Qualified officers in non-IAS services (such as the Indian Revenue, Economic and Statistical Services) should get a fair shot at high-level positions if they have the talent and the expertise required. Civil servants at different levels can be provided subject-specific training under Mission Karmayogi (National Programme for Civil Services Capacity Building).

Similarly, there is a need to augment the strength of professional staff with market watchdogs, the Securities and Exchange Board of India, and the Reserve Bank of India (RBI). The first has just about 800 professionals, whereas its counterpart in the U.S., the U.S. Securities and Exchange Commission, has more than 4,500 experts to govern the corporates. Similarly, the professional staff strength of the RBI, less than 7,000, is tiny when compared to the US Federal Reserve which is assisted by 22,000 odd professionals.

Yet another problem is the narrowly scoped audits by the Comptroller and Auditor General of India. It encourages the finance and administrative divisions in government to focus on compliance with rules rather than policy objectives. The tendency of the other oversight agencies, i.e., the Central Vigilance Commission, the Central Bureau of Investigation and courts to use hindsight information without appreciating the context has made the bureaucrats averse to exercising discretion in policy matters. Officials prefer to cancel big contracts even when granting extensions would be better. The net outcome is delayed procurement of goods and services and unnecessary contractual disputes. Appealing against arbitration and court awards have become the default mode by officials, making the government the biggest litigator. To fix this, the oversight agencies must be sensitised to appreciate the context of policy decisions. They should factor in the costs associated with the actual decisions as well as their alternatives.

The political will is required to address other issues, such as the appointment of retired officers to regulatory bodies and tribunals. The beneficiaries of such appointments enjoy hefty salaries without compromising the pensionary benefits from past services.

This makes civil servants susceptible to political manipulation and influences their in-service decisions. The problem can be fixed by increasing the retirement age to say 65, and making an absolute upper limit for all appointments.

Public versus private sector

The political economy of the public sector also undermines its efficacy. It is well known that performance-linked pay and incentive schemes such as bonuses, which work well in the private sector, are not very effective in the public sector. The public sector must attract intrinsically motivated individuals to contribute to the social good. Paradoxically, the relatively high salaries in the public sector reduce its effectiveness. Because of job security and better working conditions, the risk and skill-adjusted pay in the public sector should be lower than what it is in the private sector. In India, however, the opposite is true due to the substantial salary hikes by the 6th Pay and the 7th Pay Commissions. Except at the top, for most of the skill spectrum, public sector salaries are much higher than private wages. It breeds corruption in appointments as it makes government jobs very lucrative for all, socially driven or not.

The solution lies in moderate pay raises by the future Pay Commission and a reduction in the upper age limit for government jobs. Moreover, high economic growth that throws up many lucrative jobs in the private sector will make government jobs less appealing for those who are money minded. Put together, these measures can reduce corruption and increase the chances of socially-driven individuals joining the government. https://www.thehindu.com/opinion/lead/improving-the-capability-of-the-indian-state/article67595468.ece

2. भारत को अपने राज्यों की क्षमता बढ़ाने की जरूरत है *(bhaskar.com)*

03 Dec 2023

भारत एक बहुत बड़ा देश है, लेकिन फिर भी बहुत छोटा होने का विरोधाभास पैदा करता है। जब आप किसी शहरी क्षेत्र में अपना व्यापार शुरू करने या घर बनाने की सोचते हैं, तब आपको अचानक ये एहसास होगा कि यहां लाइसेंस, परमिट, मंजूरी का जाल कैसे आपकी उम्मीद पर पानी फेर देता है।

यहां तक की भारत के एक सामान्य नागरिक के रूप में भी, कोई भी, कभी भी कानून और जटिल नियमों के सही होने को लेकर भरोसा नहीं कर सकता है।

वहीं, भारत में वेबेरियन राज्य (हिंसा बहुल क्षेत्र) बहुत छोटा है।

G-20 समूह में देश में प्रति व्यक्ति पर ऑफिसर्स की संख्या सबसे कम है

भारत के राज्य GDP-टैक्स रेशियो और सार्वजनिक खर्च-GDP रेशियो में छोटे हैं। लेकिन चाहे सार्वजनिक वस्तुओं के प्रावधान हों, वेल्फेयर पेमेंट हो या न्याय प्रणाली हो, ये सब सरप्लस से ज्यादा कमी की कहानी को बताते हैं।

अपनी क्षमता न होने की वजह से कई बार, राज्य सरकारें, केंद्र और राज्य के द्वारा चलाई जा रही स्वास्थ्य सेवाओं को आउटसोर्स करना बंद कर देती हैं।

राज्यों की भूमिका पर बहस

स्वास्थ्य, शिक्षा, सामाजिक सुरक्षा पर सार्वजनिक खर्च में राज्यों की बड़ी भूमिका है। राज्य एक साथ विकास की भूमिका पर बहस करते हैं।

वहीं, दूसरी ओर उनके आलोचक छोटे राज्यों के पक्ष में बहस करने के लिए कई सारी नीतिगत खामियों को गिनाते हैं। फिर चाहे वो शिक्षा हो, बाल मृत्यु दर हो, कृषि, कंपनियां या परिवहन या अपराध ही क्यों न हो, उनका तर्क है कि छोटे राज्य का प्रदर्शन सभी मोर्चों पर निराशाजनक होता है।

हालांकि, दोनों पक्ष इस बहस में कुछ है, जिससे चूक रहे हैं। ये सच है कि भारतीय राज्यों के लोग 'पतले' और 'काम में मौटे' होते हैं। यानी इस बात को कहने के पीछे का कारण ये है कि सार्वजनिक संस्थानों में बनाए गए सिविल सर्विस और उसके नियम अधिकारियों के बीच अंतर पैदा करते हैं।

इम वजहों ने, राजनीतिक कार्यपालिका और सिविल सर्विस की नीतियों को लागू करने की शक्ति को खत्म कर दिया है।

भारतीय प्रशासनिक सेवा (IAS) के दो अधिकारी, टी.वी.सोमनाथन और गुलजार नटराजन की किताब, स्टेट कैपेबिलिटी इन इंडिया, राजकोषीय और राजनीतिक परिणामों के बिना चीजों को बेहतर बनाने के उपाय बताती है।

उदाहरण के लिए, विभागों के अंदर नियमों और कानूनों की शक्ति एक व्यक्ति पर केंद्रित है। ऑस्ट्रेलिया, मलेशिया और यूनाइटेड किंगडम जैसे देशों के उदाहरण बताते हैं कि नीति निर्माण और उन्हें लागू करने की जिम्मेदारियों को अलग करने से काम में तेजी आती है, और नई बातों को बढ़ावा मिलता है, जिससे कार्यक्रम स्थानीय मुद्दों के लिए बेहतर हो जाते हैं।

जैसे भारतीय राष्ट्रीय राजमार्ग, प्राधिकरण का है, जिसे राष्ट्रीय राजमार्ग परियोजनाओं को लागू करने का काम सौंपा गया है, जबकि इसमें नीतिगत निर्णय मंत्रालय के स्तर पर किए जाते हैं।

इस तरह इस व्यवस्था में देरी और लागत बढ़ने की संभावना बढ़ जाएगी।

इसके अलावा इन नियमों को लागू करने की ये जिम्मेदारी आगे की पंक्ति में खड़े अधिकारियों पर भरोसे न करने की सोच को बढ़ावा देती है, और इसकी जवाबदेही को बढ़ाती है।

इस सोच को तोड़ा जा सकता है, राज्य एक अपर्याप्त क्षमता में एक दूसरे को फाइनेंस और पावर देती हैं लेकिन इसके लिए बड़े अधिकारियों को निर्णय लेने का अधिकार भी दिया जाना चाहिए, और ऐसे ही इस सोच को बदला जा सकता है।

तकनीकी अंतर

बड़े पदों पर बैठे लोग जब पॉलिसी बनाते हैं, तो उनमें तकनीकी खामियां नजर आती हैं। और इन्हीं फाइनेंस, कॉन्ट्रेक्ट और आर्थिक मामलों से निपटने की कमी की वजह से राज्यों में कंसल्टेंसी फर्म को नियुक्त किया जाता है।

मीडिया रिपोर्टों के अनुसार, केंद्र सरकार ने पिछले पांच सालों में बड़ी कंसल्टेंसी फर्मों, यानी प्राइसवाटरहाउसकूपर्स, डेलॉइट, अर्न्स्ट एंड यंग, केपीएमजी और मैकिन्से को जरूरी कामों को आउटसोर्स करने के लिए ₹500 करोड़ से ज्यादा पैसे का भुगतान किया गया है।

वो लोग, जो IAS सेवाओं में नहीं है (जैसे भारतीय राजस्व, आर्थिक और सांख्यिकी सेवा) यदि उनके पास अच्छा स्किल और विशेषज्ञता है, तो इन योग्य अधिकारियों को अच्छा मौका मिल सकता है।

मिड और सीनियर लेवल पर सिविल सर्विस (IAS) एंट्रेंस एग्जाम, इस तकनीकी अंतर को भरने में मदद कर सकता है।

मिशन कर्मयोगी (सिविल सेवा क्षमता निर्माण के लिए राष्ट्रीय कार्यक्रम) के तहत विभिन्न स्तरों पर सिविल सेवकों को विषय से जुड़े प्रशिक्षण दिए जा सकते हैं।

इसी तरह बाजार में प्रोफेशनल स्टाफ को बढ़ाए जाने की जरूरत है।

एक और समस्या भारत के नियंत्रक एवं महालेखा परीक्षक (CAG) द्वारा सीमित दायरे में ऑडिट करना है। यह सरकार में वित्त और प्रशासनिक प्रभागों को नीतिगत उद्देश्यों के बजाय नियमों के अनुपालन पर ध्यान केंद्रित करने के लिए प्रोत्साहित करता है।

अन्य निगरानी एजेंसियों, यानी केंद्रीय सतर्कता आयोग (CVC), केंद्रीय जांच ब्यूरो (CBI) और अदालतों को समझे बिना, बिना किसी पूर्व सूचना का उपयोग करने की प्रवृत्ति ने ऑफिसर्स को नीतिगत मामलों में विवेक का उपयोग करने से दूर कर दिया है।

अधिकारी बड़े कॉन्ट्रेक्ट को रद्द करना पसंद करते हैं, भले ही उन्हें बढ़ाना बेहतर हो। इसका सीधा परिणाम वस्तुओं और सर्विस की खरीद में देरी और अनावश्यक विवाद हैं।

अदालती फैसलों के खिलाफ अपील करना अधिकारियों का डिफॉल्ट तरीका बन गया है, जिससे सरकार सबसे बड़ी मुकदमेबाज बन गई है। इसे ठीक करने के लिए, निरीक्षण एजेंसियों को नीतिगत निर्णयों को समझने के लिए संवेदनशील बनाया जाना चाहिए। इन्हें फैसलों के साथ-साथ उनके विकल्पों से जुड़े खर्चों को भी ध्यान में रखना चाहिए।

नियामक निकाय (रेगुलेटरी बॉडी) और रिटायर्ड ऑफिसर की नियुक्ति के लिए राजनीतिक इच्छा की जरूरत है। ऐसी नियुक्ति करने वाले लोगों को पिछली नौकरी की पेंशन लाभ के साथ-साथ मोटी सैलरी मिलती है।

ये सिविल सेवकों को राजनीतिक हेरफेर के प्रति संवेदनशील बनाता है, और उनके लिए फैसलों को प्रभावित करता है।

इस समस्या को रिटायर होने की उम्र 65 वर्ष करके और अभी तरह की नियुक्तियों के लिए एक तय सीमा बनाकर हल किया जा सकता है।

सार्वजनिक बनाम निजी क्षेत्र

सार्वजनिक क्षेत्र की राजनीतिक अर्थव्यवस्था भी इसकी प्रभावशीलता को कम करती है। परफॉर्मेंस से जुड़ी वेतन और बोनस जैसी प्रोत्साहन योजनाएं, जो निजी क्षेत्र में अच्छा काम करती हैं, सार्वजनिक क्षेत्र में बहुत प्रभावी नहीं हैं।

सार्वजनिक क्षेत्र को सामाजिक भलाई में योगदान देने के लिए आंतरिक रूप से प्रेरित व्यक्तियों को आकर्षित करना चाहिए। विरोधाभासी रूप से, सार्वजनिक क्षेत्र में अपेक्षाकृत उच्च वेतन इसकी प्रभावशीलता को कम कर देता है।

नौकरी की सुरक्षा और बेहतर कामकाजी परिस्थितियों के कारण, सार्वजनिक क्षेत्र में जोखिम और कौशल-समायोजित वेतन निजी क्षेत्र की तुलना में कम होना चाहिए।

हालांकि, भारत में छठे वेतन और सातवें वेतन आयोग द्वारा पर्याप्त वेतन वृद्धि के कारण स्थिति विपरीत है।

शीर्ष को छोड़कर, अधिकांश स्किल स्पेक्ट्रम के लिए, सार्वजनिक क्षेत्र का वेतन निजी क्षेत्र के वेतन से बहुत अधिक है। यह नियुक्तियों में भ्रष्टाचार को बढ़ावा देता है, क्योंकि यह सरकारी नौकरियों को सभी के लिए बहुत आकर्षक बनाता है, भले ही वह सामाजिक रूप से प्रेरित हो या नहीं।

इसका हल भविष्य के वेतन आयोग द्वारा मिड वेतन वृद्धि और सरकारी नौकरियों के लिए ऊपरी आयु सीमा में कमी में है।

इसके अलावा, उच्च आर्थिक विकास जो निजी क्षेत्र में कई आकर्षक नौकरियां पैदा करता है, सरकारी नौकरियों को उन लोगों के लिए कम आकर्षक बना देगा, जो पैसे के बारे में सोचते हैं।

कुल मिलाकर, ये उपाय भ्रष्टाचार को कम कर सकते हैं और सामाजिक रूप से प्रेरित व्यक्तियों के सरकार में शामिल होने की संभावना बढ़ा सकते हैं।

सार्वजनिक संस्थानों द्वारा बनाए गए विकृत प्रोत्साहन और अधिकारियों के बीच कौशल अंतर ने इसकी आवाज को बनाने और लागू करने की क्षमता को खत्म कर दिया है। https://www.bhaskar.com/career/news/india-needs-to-increase-the-capacity-of-its-states-read-the-hindu-editorial-of-december-2-132227114.html

3. Rhetoric and Reality! Construction workers' welfare on back burner *(bizzbuzz.news)* 02 Dec 2023

Only Rs182.88 cr spent on welfare schemes out of Rs 3,273.64 cr received as Cess

During and after the successful rescue mission to rescue the 41 workers trapped in the Silkyara tunnel in Uttarakhand, politicians showed a great concern for construction workers. Some leaders even glorified workers as 'shramveers' and 'karmaveers,' whereas the usual terms in usage are 'shramiks' and 'majdoors.' But reports prepared by the Comptroller & Auditor General (CAG) show that vocal concern rarely translates into welfare for construction workers, who are at the bottom of pyramid.

It has certainly not translated in at least in Delhi, which is ruled by the Aam Aadmi Party. The CAG audited the functioning of the Delhi Building & Other Construction Workers Welfare Board, whose ex-officio Chairman is the Labour Minister, for 2016-19 fiscal.

"During the period 2002-19, the Board received an amount of Rs3,273.64 crore as Cess, interest earned on the Cess, and registration fee, against which it had incurred expenditure of only Rs182.88 crore on welfare schemes. Hence, only 5.59 per cent of the Cess collected was spent on providing benefits to the workers," the CAG report said.

The Central government enacted the Building and Other Construction Workers' (BOCW) Act in 1996 with the aim of providing safety, health, and welfare measures for the benefit of building and other construction workers through levy/collection of Cess, and also framed the Building and Other Construction Workers Welfare Cess Rules (Cess Rules) in 1998. 12/4/23, 2:54 PM Rhetoric and Reality! Construction workers' welfare on back burner

The provisions of the Act are applicable to “every establishment which employs, or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction works.” Also Read - ‘Help other EV players adopt our charging connector’

Further, the Act provides that every building worker in the age group of 18 to 60 years who was not a member of any welfare fund established under any law and had completed a period of ninety days of service during the preceding twelve months as a construction worker in the State could be registered as a beneficiary.

The Delhi Building and Other Construction Workers Welfare Board was constituted in September 2002 for implementation of various welfare schemes.

The CAG found a variety of lacunae in the functioning of the Welfare Board. These include: absence of planning and budgeting for implementation of the Act; non-maintenance of District Master Register by the Cess Collectors; difference in figures of the Cess amount as per records of Cess Collectors, districts and Board Headquarters; non-deposit of Cess deducted by the Delhi municipal corporations; non-availability of the details of cost of construction; non-availability of records relating to assessment of Cess. https://www.bizzbuzz.news/industry/rhetoric-and-reality-construction-workers-welfare-on-back-burner-1270262?infinitescroll=1

4. Two IAF pilots killed in first Pilatus trainer aircraft crash in Hyderabad *(hindustantimes.com)* 04 Dec 2023

Two Indian Air Force pilots were on Monday killed in a Pilatus PC-7 Mk II trainer aircraft crash, the first accident involving the Swiss-origin aircraft in IAF service. The aircraft was on a routine training sortie from Air Force Academy, Hyderabad.

The aircraft met with an accident on Monday morning during a routine training sortie from AFA, Hyderabad, the IAF said in a statement.

“It is with deep regret that the IAF confirms both pilots onboard the aircraft sustained fatal injuries. No damage to any civil life or property has been reported. A Court of Inquiry has been ordered to ascertain the cause of the accident,” it added.

India bought 75 trainers from Pilatus Aircraft for ₹2,900 crore under a 2012 contract. It is a turboprop, tandem seating, basic trainer aircraft of IAF.

Initial training of all pilots is carried out on Pilatus PC-7 Mk II planes and Kiran Mk-1/1A trainers. Those training to become fighter pilots further train on the British-origin Hawk advanced jet trainers before they can fly supersonic fighter jets.

India is now building its own basic trainer aircraft.

In March, the defence ministry awarded a ₹6,838-crore contract to Hindustan Aeronautics Limited (HAL) for 70 HTT-40 basic trainers. HAL will start rolling out the aircraft in 2025-26.

In July 2019, the defence ministry suspended business dealings with Pilatus Aircraft Ltd for one year for violation of a pre-contract integrity pact in the 2012 contract, while also factoring in Indian investigations against the plane maker for alleged corruption and irregularities. The contract with Pilatus Aircraft Ltd included a clause for the follow-on purchase of 38 more planes.

Monday's crash comes six months after an ageing Kiran trainer aircraft, flown by one of India's finest test pilots and with a woman flight test engineer onboard, crashed on the outskirts of Karnataka's Chamarajanagar on June 1, putting the spotlight on the decades-old plane and the pressing need to replace it with a modern aircraft.

Both survived the crash.

The air force plans to retire the Kiran trainers by 2025.

The much-delayed Sitara intermediate jet trainer (IJT), being developed by HAL, was planned as a replacement for the IAF's Kiran fleet to carry out stage-II training of fighter pilots. The IJT project is several years behind schedule and testing activity is still on.

Improper engine selection and faulty planning in the early development stage by HAL led to significant delays in the IJT project that was sanctioned almost 25 years ago, the Comptroller and Auditor General (CAG) said in a report tabled in Parliament in August.

The IJT project was sanctioned in July 1999 with a grant of ₹180 crore.

"Incorrect assessment of the required thrust and lack of clarity on availability of A Type Engine led to improper engine selection, which, in turn, had a cascading effect on the design and development of Project 2 (IJT)," the national auditor said in its report.

Lack of clarity on resolution of stall and spin issues and improper planning in the initial stages of development led to a delay in the project, the report said.

The IJT, first powered by a French engine and now a Russian one, was expected to get initial operational clearance by 2006 with deliveries to IAF planned a year later. However, there is no indication from the IAF about a possible order.

The IJT or the HJT-36 single-engine aircraft has completed a raft of crucial trials, but the testing process is still on.

In January 2022, HAL announced that the IJT had successfully demonstrated the capability to carry out six turn spins, a key requirement for trainers and the most crucial phase of flight testing. The capability to enter and recover from a spin is a necessity for a trainer aircraft to familiarise trainee pilots with departure from controlled flight and the actions required to recover from such situations.

To be sure, the IJT project is no longer backed by the IAF, and HAL had to dig into its internal funds to carry out key trials after the project suffered a critical setback during spin testing in 2016 and brought the programme to a temporary halt. The future of the IJT project looks uncertain and the IAF could lease trainer aircraft to meet its requirements after the Kirans retire. https://www.hindustantimes.com/india-news/two-iaf-pilots-killed-in-first-pilatus-trainer-aircraft-crash-in-hyderabad-101701672962143.html

STATES NEWS ITEMS

5. UP News: पांच साल में बिना खर्च रह गए 4.76 लाख करोड़ रुपये, सीएजी की रिपोर्ट में खुलासा *(amarujala.com)* 02 Dec 2023

लखनऊ: यूपी विधानसभा में पेश की गई सीएजी रिपोर्ट में खुलासा हुआ है कि यूपी के 16 विभागों ने अपना बजट खर्च नहीं किया है। इसका कारण योजना पर काम न करना या धीमी गति से काम करना बताया जा रहा है।

राज्य सरकार के अधीन 16 विभागों ने पांच साल में 4.76 लाख करोड़ रुपये खर्च ही नहीं किए। विधानसभा में पेश सीएजी रिपोर्ट में ये खुलासा हुआ है। खर्च न करने वालों में वित्त विभाग पहले और सबसे नीचे आवास विकास विभाग है।

रिपोर्ट में कहा गया है कि किसी अनुदान के अंतर्गत सतत बचतों का मतलब है कि या तो योजनाओं और कार्यक्रमों पर काम नहीं किया गया अथवा धीमी गति से काम किया गया। इसके परिणामस्वरूप 16 विभाग पांच साल में 4.76 लाख करोड़ रुपये खर्च नहीं कर सके। वर्ष 2018-19 से वर्ष 2022-23 के बीच के ऑडिट में पाया गया कि बेहद महत्वपूर्ण विभागों ने धीमी गति से काम किया या फिर किया ही नहीं।

पांच साल में खर्च न करने वाले विभागों का लेखा-जोखा

विभाग -- बचत

आवास विकास -- 6570 करोड़

मध्यम उद्योग -- 16500 करोड़

कृषि व अन्य -- 37264 करोड़

गृह विभाग -- 22421 करोड़

चिकित्सा -- 13616 करोड़

चिकित्सा (परिवार कल्याण) -- 10620 करोड़

नगर विकास विभाग -- 35074 करोड़

न्याय विभाग -- 12947 करोड़

महिला बाल कल्याण -- 16240 करोड़

राजस्व विभाग -- 6925 करोड़

वित्त विभाग (ऋण) -- 105783 करोड़

वित्त विभाग (भत्ते) -- 52013 करोड़

शिक्षा विभाग (प्राथमिक) -- 70423 करोड़

शिक्षा विभाग (माध्यमिक) -- 11141 करोड़

समााज कल्याण -- 43720 करोड़

सिंचाई विभाग -- 15674 करोड़

https://www.amarujala.com/lucknow/departments-did-not-spend-4-76-lakh-crore-rupees-in-uttar-pradesh-2023-12-02

6. Kashmir in the dark: Smart meters fizzle, residents sizzle in winter woes *(firstpost.com)* December 01, 2023

As the harsh winter descends upon the Kashmir Valley, its residents are grappling with an unprecedented power crisis that has cast a shadow over their lives. Despite being a resource-rich region with vast hydropower potential, the region is facing prolonged and frequent power outages, disrupting daily routines, affecting businesses and exacerbating the challenges of living in a region with a notoriously harsh climate.

Residents of Baramulla district in north Kashmir are frantic as they struggle with the power crises despite the installation of smart meters in their areas. This has led to widespread frustration and disappointment among the residents, who are questioning the utility of smart meters if they do not guarantee uninterrupted power supply.

“What was the point of installing smart meters if they cannot provide us with reliable electricity?” asked a resident of Sopore. “We are only getting 3-4 hours of electricity per day, which is not enough to meet our daily needs.”

Another resident from Baramulla, Mohd Amin echoed similar concerns, stating, “If curtailments are necessary, they should be minimal to avoid causing severe inconvenience to the people.”

“We are fed up with unfulfilled promises of better power supply,” cried Shahid Ahmed, a local from Baramulla’s Pattan district.

Additional Deputy Commissioner Sopore, SA Raina was quoted as saying: “No doubt people are facing severe inconveniences due to inadequate power supply. However, the matter is being taken up with the higher officials and we are hopeful that the crisis ends soon.”

The government’s failure to fulfill its promise of uninterrupted power supply has brought into question its commitment to the welfare of its citizens. Residents are demanding a resolution to this issue and are calling for the government to take concrete steps to ensure reliable power supply for all.

In a time when technology is touted as a solution to many problems, the installation of smart meters in Baramulla district has only served to highlight the government’s inability to provide basic necessities like electricity. Residents are left wondering what the purpose of these smart meters is if they cannot provide them with the power they need to live a comfortable and productive life.

The power crisis in Kashmir is rooted in a complex web of factors.

To start with, Jammu and Kashmir has lopsided power sharing agreements with the National Hydroelectric Projects Corporation (NHPC), a central government-owned company. These have resulted in a disproportionate allocation of power generated from the state’s hydropower projects. While the state produces a surplus of nearly 900 MW, it only receives a meagre 261 MW, leaving it to rely on expensive power purchases from the Northern Grid Corporation.

Kashmir's outdated power infrastructure is a cause of concern too, primarily transmission and distribution lines, which are in dire need of modernisation. This aging infrastructure is unable to efficiently transmit and distribute the limited power available, leading to frequent power outages and voltage fluctuations.

The spurt in demand for electricity in Kashmir cannot be overruled as a major factor. Demand has been steadily increasing due to factors such as population growth, economic development and the adoption of energy-intensive appliances. This growing demand is putting further strain on the already overburdened power system.

The consequences of the power crisis are far-reaching. Not only does it disrupt daily life at homes, businesses and essential services, making it difficult to prepare meals, study and operate essential equipment, but there is also a massive economic impact.

Businesses are facing significant losses due to power outages, affecting productivity and hindering economic growth. Health concerns have witnessed an alarming rise, as the absence of power for heating and medical equipment poses a serious threat to the elderly, children and those with compromised health, particularly during the harsh winter months.

While the Government of India heavily emphasises on the need to counter climate control, it's unfortunate that in Jammu and Kashmir, reliance on expensive power purchases from other states contributes to increased carbon emissions, exacerbating environmental concerns.

The Jammu and Kashmir government has taken some steps to address the power crisis, but they all come with their own side effects. To enumerate, here are some initiatives that the Government of India is initiating to address these looming concerns:

-Procuring additional power from the Northern Grid Corporation to meet the shortfall. However, this comes at a significant financial cost.

-Initiated projects to upgrade transmission and distribution lines, but these are long-term initiatives and will take time to materialize.

-Exploring the potential of renewable energy sources, such as solar and wind power, to reduce reliance on hydropower and provide a more sustainable solution.

-Engaging with the NHPC to negotiate more favorable power sharing agreements that would allocate a larger share of the generated power to the state.

While these measures are commendable, a long-term solution requires a comprehensive approach that addresses the root causes of the crisis. This includes:

-Investing in Modernisation: A significant investment is needed to modernize the entire power infrastructure, from generation to transmission and distribution, to ensure efficient and reliable power supply.

-**Promoting Energy Efficiency:** Encouraging energy-efficient practices among households, businesses, and industries can reduce overall energy consumption and alleviate the strain on the power system.

-**Harnessing Renewable Energy:** Aggressively expanding renewable energy production can not only reduce reliance on hydropower but also contribute to a more sustainable energy future.

-**Optimising Power Sharing Agreements:** Negotiating more equitable power sharing agreements with the NHPC and other power-producing entities is crucial to ensure that the state receives a fair share of its generated power.

In a bid to overcome the impending power crisis that looms over Jammu and Kashmir, the UT government has taken a bold step towards securing an additional 2,400 MW of electricity from NTPC and Solar Power Corporation of India. This procurement, sanctioned by Kashmir's Lieutenant Governor Manoj Sinha aims to bridge the gap between the burgeoning electricity demand during the winter months and the limited in-house generation capacity.

Principal Secretary, Power Development Department (PDD), H Rajesh Prasad, underscored the urgency of the situation, emphasising that the power demand in Jammu and Kashmir has surged to 3200 MW, while the state's in-house generation capacity stands at a mere 1,350 MW. This significant shortfall stems primarily from the seasonal slump in hydropower generation, which has plunged to a staggering 85 per cent below its summer levels. The dwindling water levels in rivers and water bodies have severely impacted hydropower production, plummeting from a peak of 1050 MW in June-July to a mere 150 MW in the harsh winter months.

Procuring 2,400 MW of electricity from external sources serves as a crucial short-term measure to address the immediate power shortage. However, the government should not be content with temporary solutions. In fact the government needs to be committed to implementing long-term strategies to enhance the state's overall power infrastructure and reduce dependence on hydropower. These efforts must encompass upgrading transmission and distribution lines, promoting renewable energy sources like solar and wind power, and negotiating more favorable power-sharing agreements with central government agencies.

By addressing the immediate shortage while simultaneously investing in infrastructure upgrades and renewable energy, the government must strive to forge a more resilient power system for the future of Jammu and Kashmir.

The procurement, which entails 950 MW through a Power Purchase Agreement (PPA) with NTPC, 1,650 MW from SPCI, and 500 MW under the Government of India's Shakti Policy, will play a pivotal role in bridging the power deficit during the winter season, alleviating the burden on residents and businesses.

As per reports, the government is concurrently implementing a comprehensive plan to enhance the state's overall power infrastructure and reduce reliance on hydropower.

Hydropower is the primary source of electricity in Jammu and Kashmir, accounting for approximately 85 per cent of the state's power generation. However, hydropower generation has been declining due to a dry spell in the summer and reduced water flow in the state's rivers. The Jhelum River, the primary source of hydropower, has witnessed a significant drop in water levels, contributing to the generation deficit.

Jammu and Kashmir also suffers from the highest transmission and distribution losses in India, reaching up to 50 per cent. These losses are attributed to various factors, including power theft, outdated infrastructure, and a lack of metering systems. These losses reduce the amount of power available for distribution to households and businesses, further exacerbating the crisis.

Despite having a vast hydropower potential of 20,000 MW, Jammu and Kashmir has only harnessed 16 per cent of this potential. This underutilisation is due to factors such as the Indus Water Treaty with Pakistan, which restricts the state's ability to utilise its water resources for hydropower generation and delays in project implementation.

The Jammu and Kashmir government's ambitious plan to double its power generation capacity in the next three years faces significant hurdles, according to the Comptroller and Auditor General of India (CAG). The CAG report highlights a number of challenges, including delays in project implementation, lack of coordination between agencies and financing issues.

Key concerns raised by the CAG report:

-Unviable hydropower projects: The CAG report questions the viability of 20 hydropower projects proposed under the Prime Minister's Development Package due to high project costs and unviable tariffs. The central government has not approved funding for these projects.

-Lack of coordination: The report criticises the lack of coordination between nodal agencies and line departments in facilitating clearances, approvals and finances for hydropower projects. This has led to delays and cost overruns.

-Financial constraints: Independent Power Producers (IPPs) have faced difficulties obtaining financing from banks due to the absence of buy-back agreements with the Jammu and Kashmir government. This has hindered the development of hydropower projects.

-Transmission line delays: The failure to complete the transmission line alongside the hydro project at Dah has resulted in a loss of power generation and revenue. This highlights the importance of timely infrastructure development.

-Projects selling power outside Jammu and Kashmir: Three hydropower projects with a generation capacity of 12 MW are selling power outside the UT, contradicting the objective of providing energy solutions to remote areas. This raises concerns about the prioritization of power distribution.

-Despite the challenges, The Jammu and Kashmir government remains committed to its ambitious hydropower goals and is investing Rs 34,000 crore through collaboration with NHPC to execute five mega hydropower projects with a combined capacity of 4,134 MW. Upon completion, these projects are expected to generate surplus power, making Jammu and Kashmir a hydropower exporter.

However, the CAG report raises concerns about the government's claims of 3,498 MW additional energy. According to the report, Jammu and Kashmir would receive only 13 per cent of this additional energy, amounting to approximately 300 MW. This discrepancy highlights the need for transparency and clarity in power-sharing agreements.

The Jammu and Kashmir government's hydropower ambitions are commendable, but the CAG report underscores the need to address the challenges identified to achieve sustainable hydropower development. This includes ensuring project viability, streamlining the approval process and enhancing coordination between agencies. Additionally, the government should prioritise power distribution to remote areas and clarify power-sharing agreements to ensure equitable benefits. The power crisis in Kashmir is a complex and multifaceted issue that requires a multi-pronged approach to address. If the government invests in the aforementioned prospects, Jammu and Kashmir can move towards a more sustainable and reliable power system. https://www.firstpost.com/opinion/kashmir-in-the-dark-smart-meters-fizzle-residents-sizzle-in-winter-woes-13453412.html

7. Telangana Finances: New Congress Govt will have a tightrope walk *(thehindubusinessline.com)* December 03, 2023

State finances call for urgent attention

The Congress Party, which is all set to form the new government in Telangana next week, will have a tightrope walk to bear the financial burden of its `Six Guarantees' promised in its manifesto.

The success of the party in the polls on November 30, 2023, is also driven by its carefully drafted manifesto which appealed to the farmers, women and youth.

The party, which sailed the elections with an emotional connection that it was the party that gave the statehood to Telangana, assured that its six guarantees "help realise the dream of Bangaru Telangana".

These six guarantees are categorised as "Mahalakshmi", "Rythu Bharosa", "Gruha Jyothi", "Indiramma Indlu", "Yuva Vikasam" and "Cheyutha". They include offering a stipend of ₹2,500 per month for women, supply of gas cylinders at ₹500, free bus travel to women in RTC busses, among others.

While the applicability of these guarantees and their scale is yet to be seen when the schemes are actually rolled out by the government to be formed, they will surely result in a sizable outgo on the State Exchequer.

A key challenge ahead for the new government will be maintaining fiscal prudence while delivering the promises made.

The State economy has been over-leveraged in the recent years by the Bharat Rashtra Samithi (BRS) Government.

In 2023-24, the fiscal deficit is estimated to be 2.7 per cent of GSDP. For 2023-24, the central government has permitted a fiscal deficit of up to 3.5 per cent of GSDP. As per the revised estimates, in 2022-23, the fiscal deficit of the state is expected to be 3.2 per cent of GSDP, which is lower than the budget estimate of 4.0 per cent of GSDP.

Public debt is also a concern. At the end of 2023-24, the outstanding liabilities are estimated to be 23.8 per cent of GSDP, slightly lower than the revised estimate for 2022-23.

At the end of 2022-23, government guarantees are estimated to be ₹1,29,244 crore (11.3 per cent of GSDP as per revised estimates.

Making the two ends meet in the current financial year itself could be an immediate challenge. The BRS Government also almost fully exhausted the debt access limits, according to CAG data.

The debt mobilisation target for the year 2023-24 is ₹38,234 crore. However, the State Government already mobilised ₹33,378 crore amounting to 87.3 percent of the total target between April - October 2023.

The revenue generation has also been much lower than the target for the year. According to Budget FY24, the revenue generation target was ₹2.16 lakh crore. However, out of this, revenue generated so far is only 46 per cent at ₹99,755 crore.

The State Government had already received about 50 per cent of its share in the Central Taxes for the current fiscal year at ₹14,528 crore year was already received by the state government.

The new Congress government will have to factor in these options for the prudent fiscal policy. https://www.thehindubusinessline.com/news/national/telangana-finances-new-congress-govt-will-have-a-tightrope-walk/article67601284.ece

8. Gujarat Model Is Glasshouse Model *(ndtv.com)* Derek O'Brien | Updated: December 01, 2023

From Ahmedabad to New York. Is the Gujarat Model export quality?

Developments in the last 48 hours may turn out to have major geopolitical ramifications. An indictment filed by federal prosecutors in the US has alleged that an Indian official directed a plot to assassinate a US citizen.

As you've read, the go-between person in this conspiracy was a man involved in narcotics and weapons trafficking, Nikhil Gupta. The Indian official had assured Gupta that his criminal case "has already been taken care of," and that "nobody from Gujarat police is calling." He added, "Spoke with the boss about your Gujarat [case]," and "nobody will ever bother you again".

Leave the export quality version aside for today. Instead, let us look at six parameters to bust the myth marketing that is the Gujarat Model: poverty, education, health, SPSUs, public infrastructure, and labour.

Poverty

Around one-third of the state's population, 31 lakh families, lives below the poverty line (BPL). Of them, 16 lakh are classified as extremely poor. Between 2020 and 2022, over 3,100 families fell below the poverty line, while only 17 families managed to move out of it.

Education

Over the last 20 years, Gujarat has allocated less than 2.5% of its Gross State Domestic Product (GDSP) to education. This is far below the 6% allocation mandated by the National Education Policy (NEP) of 2020, and the Kothari Commission of 1966. The prescribed pupil teacher ratio in the state was not achieved in over 1,100 primary schools and 3,000 upper primary schools.

Children aged 5 years who attended pre-primary school during the 2019 school year was 7% in Gujarat compared to the national average of 14%. For five years straight (2012-2017), the state failed to achieve the Right To Education target. While 41% women have 10 or more years of schooling nationally, this is true for just 34% women in Gujarat.

Health and nutrition

Per the National Family Health Survey or NFHS-5, Gujarat is the second highest among all major states in the number of underweight children. Children aged 6-59 months who are anaemic was a high 80% in Gujarat, compared to 67% nationally.

Four out of 10 children below five are stunted (short height compared to age) in Gujarat; the national average is 35%. Children below five who are wasted (less weight compared to height) was 25% in Gujarat compared to 19% nationally. Children below five who are underweight (less weight compared to age) was 40% in Gujarat compared to 32% nationally. Only 6% infants receive proper nourishment in Gujarat, compared to the national figure of 11%.

Women aged 15-49 years who are anaemic was 65% in Gujarat compared to 57% nationally. Only 43% mothers could access public infrastructure for childbirth, compared to the 62% in the country. The number of beds in ICU wards in Gujarat's Civil Hospitals is less than what is prescribed by Indian Public Health Standards.

State Public Sector Undertakings

As on March 2022, 22 State Public Sector Undertakings (SPSUs) had accumulated losses of ₹ 29,000 crore. A Comptroller and Auditor General (CAG) report reveals that of the 77 SPSUs (excluding power sector in the state), net loss was reported for 57 SPSUs during the four Fiscal Years ending 2018-19. Therefore, Return on Equity was nil. Gujarat State Electricity Corporation Limited (GSECL) has been accused of breaching the Ministry of Environment and Forests' guidelines by utilising the amount recovered from sale of fly ash for purposes other than those specified. In more than 10 years, no action has been taken for the 195 items taken.

The sole business plan of the Gujarat Mineral Development Corporation Limited Company was not achieved. The Company had 24 mining leases, of which nine were non-operational. Of these, in five leases, the Company had neither submitted an application for extension nor engaged in mining.

Public Infrastructure

A suspension bridge in Morbi collapsed in 2022, killing at least 135 people. The Mumatpura bridge in Ahmedabad collapsed in 2021, after one of the 113 slabs of the bridge fell through. No FIR was lodged or departmental action taken.

Claimed to be Gujarat's longest flyover, multiple cracks were spotted along the 'covering wall' of the ramp of the 3.5 kilometre Atal Bridge in Vadodara. This was just months after its December 2022 inauguration. The middle portion of the newly built 100-metre bridge on Mindhola River in Tapi district collapsed on 14 June this year. On 28 June, just 42 days after the bridge built on the Tapi River was virtually inaugurated by Chief Minister Bhupendra Patel, cracks appeared on it.

Labour

In 2021, the daily wage for non-agricultural labour in rural areas in Gujarat was ₹ 239 while the national average stood at ₹ 315, as the Reserve Bank of India reported. Gujarat ranked 17th among 20 states and Union Territories in terms of the average daily wage for non-agricultural labour in rural areas.

In reality, the Gujarat Model is actually a Glasshouse Model. Sparkly only from the outside. https://www.ndtv.com/opinion/gujarat-model-is-glasshouse-model-4623825

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. We must look beyond India’s exciting headline GDP numbers

(livemint.com) 04 Dec 2023

The second quarter’s faster than expected economic growth is good news, but not all sectors have done well and K-shaped worries persist. Don’t let our economy’s pace detract from the challenge of enlarging it equitably.

The Indian economy’s stellar performance in the second quarter (Q2) of fiscal 2023-24 put all previous GDP estimates, including the Reserve Bank of India’s (RBI) own estimate of 6.5%, in the shade. At 7.6%, Q2 growth came on the back of buoyancy in manufacturing (at 13.9%) and construction (13.3%). Gross value added (GVA), often seen as a better estimate of the true level of activity, grew 7.4%. The numbers are testimony to the “resilience and strength of the Indian economy in testing times," said Prime Minister Narendra Modi. Chief economic advisor V. Anantha Nageswaran was guarded, saying, “We need to work out the numbers and see what kind of upside it imparts to the overall estimate for the year." Understandably so. Geopolitical factors, the strength of the US economy and hence the US Federal Reserve's continued fight against inflation, and the ongoing global slowdown are sure to lower growth in the second half of the year. But with 7.7% real GDP growth in the first half, overall growth for the full year could end up a tad higher than earlier estimates of 6.5%, making India one of the fastest growing major economies in the world.

Terms like 'blockbuster' and 'scorching' have been used and this euphoria over the official data is not entirely surprising. But after all the hosannas have been sung, a discerning look at the disaggregated numbers throws up some disquieting features. First, agriculture, on which a large chunk of our population depends, has grown at a 17-quarter low of 1.2%. True, some of the decline can be attributed to erratic monsoon rains this year. Also, the share of allied activities in the farm sector helps cushion the weak monsoon's shock to rural incomes. But the fallout will have an adverse impact on rural consumption at a time when private consumption shows signs of slowing. Growth in private consumption, which accounts for close to 57% of GDP, was muted at 3.1%, suggesting some of the growth drivers that have held the economy in good stead so far might be petering out. The trade, hotels and transport category, a major employer of those at the bottom of the pyramid, has also done poorly. Its Q2 growth at 4.3% is the lowest since the fourth quarter of 2020-21. Taken together, disappointment by these two sectors should temper our celebration of the surprise showing overall. Especially since it plays into the criticism that the post-covid recovery has been K-shaped, with upper-income classes recovering much faster than those at the bottom. Ironically, this has come despite the Centre ensuring there is no let-up in public investment (private investment is still fighting shy) and government consumption being directed at relieving distress among the poor.

Widening income inequality, aided by a robust bull run in the stock market, with the value of all listed shares going above $4 trillion last week (above India's expected nominal GDP of $3.6 trillion in 2023-24), is never good news in an electoral democracy. Next year's general elections will likely see identity politics in play more than economic issues. Yet, it matters how well people are doing. Not just in the near-term, but over the decades ahead, as it will play a key role in whether we can sustain a fast GDP clip beyond our current 'middle-income' level. The government and RBI both have their task cut out. They must ensure that the emergence of our economy is equitable, the former through fiscal measures and the latter by delivering on its mandate to get inflation down to 4%. https://www.livemint.com/opinion/online-views/we-must-look-beyond-india-s-exciting-headline-gdp-numbers-11701603035784.html

10. Gross direct tax may surpass Budget by over Rs 1 trillion *(financialexpress.com)* December 4, 2023

Direct tax receipts will likely show a robust performance for the third year in a row post-pandemic, giving enough space to the Centre to keep the fiscal deficit within the targeted limit. This is despite additional spending expected on food, fertiliser and job guarantee programmes, and a lower than expected growth in nominal GDP as a fraction of which the deficit is usually expressed.

Official sources said the Centre's gross direct tax collections (after refunds but before devolution to states) could exceed the budget estimate by over Rs 1 trillion in 2023-24.

According to FE estimate, the Centre's direct tax revenue before transfers to states could exceed BE by even Rs 1.3 trillion, fetching the Centre around Rs 0.8 trillion extra on a net basis.

On the other hand, aggregate indirect tax revenues to are largely on track, assuming no cut in excise duty on petrol and diesel, in the run-up to general elections.

The FY24BE for indirect taxes could probably be met, or fall short of target marginally. While the indirect tax receipts were budgeted to decline 1.9% on year to Rs 13.93 trillion, the actual receipt in April-October shows a 3.5% increase on year.

"The additional direct tax revenues are a comforting factor, but still four months to go till the year ends," a senior official said indicating that additional spending heads on welfare schemes before general elections in April are not ruled out.

Recently, Finance Minister Nirmala Sitharaman urged tax officers to maintain the growth in direct tax collections at around 17% in FY24, the level achieved in the previous financial year.

A 17% annual growth in direct collections (net of refunds but before devolution) would mean the receipts would be Rs 1.27 trillion more than the budget estimate of Rs 18.23 trillion for FY24.

According to official data released on November 9, direct tax collection stood at Rs 10.6 trillion which is 21.82% higher than the net collections for the corresponding period of last year. This collection was 58.15% of the budget estimate of Rs 18.23 trillion for FY24. The receipts were estimated to be 9.4% higher than collected in FY23.

In 2022-23, the centre's direct tax collections were at Rs 16.67 trillion, Rs 2.47 trillion or 17.4% more than the FY23 budget estimate as well as FY22 actuals of 14.2 trillion.

With non-tax revenues expected to exceed the FY24BE by over Rs 60,000 crore and savings under many centrally sponsored schemes and central sector schemes, the government has enough firepower to meet additional expenses in existing or new schemes without breaching the fiscal deficit target of 5.9% for the current financial year.

The Centre's fiscal deficit came in at 45% of the budget estimate (BE) in the first seven months of the current financial year compared with 45.6% of the respective target in the year-ago period, largely due to a 15% decline in capital and revenue expenditure in October.

"After considering the additional economic cost towards the extension of free foodgrains under the NFSA for January-March 2024, the higher subsidy on LPG, the Nutrient Based Subsidy rates on P&K fertilisers for the ongoing rabi season, and the additional amount likely to be required for MGNREGS, we estimate spending to exceed the FY2024 BE by Rs 0.8-1.0 trillion," Icra chief economist Aditi Nayar said.

"However, this sum could be matched by expenditure savings, which have ranged between an estimated Rs 1.1-2.3 trillion in recent years. As a result, we foresee a low risk of the fiscal deficit target of 5.9% of GDP being breached."

Icra's baseline expectation is that direct taxes will surpass the FY24 budget estimate by Rs 0.85 trillion, a portion of which will be absorbed by lower-than-budgeted union excise duty collections, leaving a gross upside of around Rs 0.5 trillion.

"Setting aside the additional devolution to the states, we estimate that net tax revenues will exceed the FY24 BE by a modest Rs 0.3 trillion. However, this will be offset by a similar shortfall in disinvestment proceeds," she said. https://www.financialexpress.com/policy/economy-gross-direct-tax-may-surpass-budget-by-over-rs-1-trillion-3326688/

11. Need for a NUEGA *(financialexpress.com)* Raghuram Rajan, Rohit Lamba | December 4, 2023

Exclusive excerpts of Breaking the Mould: Reimagining India's Economic Future by Raghuram Rajan, Rohit Lamba

Direct Transfers and the Promise of Technology

While subsidies distort the decisions consumers and producers make, direct transfers of cash that are not tied to production or consumption decisions do not. Both state and Central governments have shown that they can deposit cash directly in the bank accounts of citizens. Most of the poor have bank accounts, thanks to the government's Jan Dhan scheme, intended to open bank accounts for all. The Aadhaar unique identification number for every adult citizen of the country prevents duplicate transfers or transfers to non-existent persons. The combination makes it easy to make transfers to almost every citizen. We say 'almost' because a small fraction of people, unfortunately the neediest, are still not covered by either bank accounts or Aadhaar.

Be that as it may, once we want to separate rich from poor, and make transfers only to the latter, we run into the problem of inadequate information. The government does not know precisely who is rich. It could base transfers on tax records, but not only would that further dis-incentivize reporting incomes to tax authorities, it would also reward those who are good at hiding their income. The government could exclude those who own a car, property or land, but ownership title may be distributed across children or held in a corporation. It could exclude those who use a lot of electric power, but that would encourage power theft.

Nevertheless, cash transfers to the poor beat distortionary subsidies. Also, money in the hands of the poor is empowering—if they use it to pay a private school's fees, they feel they have a right to get good value for money, as one founder of private schools told us. Consequently, the paying poor will protest if they get rotten service, which helps improve the quality of education (or health care).

It may also encourage investment. As Raghu's student Nishant Vats has pointed out, farmers who get the guaranteed annual transfer of Rs 6000 from the Pradhan Mantri Kisan Samman Nidhi tend to borrow to invest, perhaps conscious that they now have a guaranteed inflow that will prevent destitution. As a result, they increase their incomes by significantly more than the guaranteed Rs 6000 per year.

The logical conclusion from all this would be to replace subsidies with cash transfers, but this is usually politically very difficult. What we can certainly do is to stop any more subsidies, move any incremental supports, especially to the poor, to cash transfers, and try and sweep all forms of cash transfers, at least from the Central government to start with, into one family transfer where appropriate.

For example, assuming India wants to give Rs 8000 to every household every year (the Rs 6000 to farmer households augmented by inflation), and assuming the average household has two adults and two children, it could transfer Rs 2000 into every person's bank account. Economists Maitreesh Ghatak and Karthik Muralidharan suggest keeping the overall transfer at 1 per cent of the GDP, which is what this transfer would amount to. For very poor households, this would be a substantial direct benefit, but it could also be the basis of borrowing and asset creation. The transfers are small but could help put more varieties of food on the table than grain, or put a child in school, or offer the equity against which to borrow to invest. Eventually, as the economy grows, the number could be scaled up.

To make the scheme more targeted, we could follow exclusion criteria, recognizing the difficulties pointed out earlier and hoping that the malfeasance engendered by the small size of the transfer is small: the government could taper transfer payments off to income tax payers as their incomes exceed, say, Rs 2.5 lakh a year; exclude government servants and employees of large firms; taper transfers to those whose land ownership, past vehicle or house purchases, or power consumption exceeds a certain amount, and so on. Some countries have experimented with making lists of beneficiaries public, so that those who clearly meet the exclusion criteria have an added incentive to declare themselves ineligible. The money saved by not sending benefits to the excluded could be added to the pool going to beneficiaries. Further, since some states are already making such transfers, the Centre could coordinate with states to ensure the cumulative transfer serves the purpose.

There is a fear that people may spend the transfers irresponsibly, say, men drinking them away. Yet there is little evidence across countries that cash transfers are spent on 'temptation goods' such as alcohol and tobacco. Instead, studies suggest that cash transfers are typically spent on increasing expenditures on food, including for increasing the diversity of the food purchased, on health care, on livestock and agricultural inputs, and on savings. These expenditures are certainly consistent with what we think India needs.

Conditional Support

Much of what we have discussed so far is unconditional support for the distressed and the poor, a helping hand to let them build assets or their human capital. India also has a National Rural Employment Guarantee Scheme, which offers distressed farmers and agricultural workers hundred days of remunerated work every year. Given the work is physical and hard, and the remuneration modest, it is unlikely that anyone but the needy will take it up. So it is a useful conditional safety net, used extensively during Covid, when urban migrants returned home to their villages.

Given the plight of urban migrants, marooned in cities without work during the Covid shutdowns, or forced to trudge hundreds of miles home to their villages, it is important that we think of an urban safety net along the lines of the rural scheme. A National Urban Employment Guarantee, structured so that it does not encourage or discourage rural–urban migration, with work assignments ranging from cleaning up public spaces to public road construction, and with more work made available in difficult economic times, is long overdue.

In closing, any kind of reservation, subsidy or transfer creates an implicit property right that becomes very hard to change. So we should weigh any change carefully, experimenting, if possible, before a full and permanent roll-out. Nevertheless, there are many ways the government can be more effective in its support, while reducing distortions in decision-making. https://www.financialexpress.com/lifestyle/need-for-a-nuega-raghuram-rajan-and-rohit-lamba-argue-in-these-excerpts-that-similar-to-nrega-it-is-important-to-have-an-urban-safety-net-too/3323900/

12. Why is RBI giving taxpayer money to the banks? *(financialexpress.com)* December 4, 2023

The institutions of the state are fond of referring to ancient Indian thought in policy making. The defence minister recently launched Project Udbhav for the Indian army where it would draw on treatises such as the Arthashastra, Nitisara, and Thirukkural for lessons on strategy. The NCERT has recently stated that the Ramayana and Mahabharata should be taught as history lessons in schools. The RBI Governor has frequently been referring to Arjuna to communicate how the RBI is focused on inflation while accounting for factors that influence its achievement of the target of getting inflation to 4%. Over the last year, the RBI has raised the policy rate by a cumulative 250 bps since April 2022 to February 2023 to cool inflation and has held rates steady since.

During the pandemic, the RBI had initiated extraordinary liquidity measures that resulted in a liquidity overhang of a very large amount (about Rs 8,500 billion) in the banking system by April 2022. The RBI was confronted with how to withdraw this liquidity in a non-disruptive manner and over a multi-year time frame. The Standing Deposit Facility (SDF) was introduced at the beginning of the rate hike cycle to reduce the liquidity surplus at a level consistent with the monetary policy stance of the RBI.

The aim of the SDF was to strengthen the operating framework of monetary policy with this additional tool for absorbing liquidity without collateral and it replaced the reverse repo rate as the floor of the Liquidity Adjustment Facility corridor at 25 bps below the policy rate, symmetric to the upper end of the corridor’s Marginal Standing Facility that was 25 bps above the policy rate. In 2020, at the time of the pandemic, the width of the LAF corridor had been widened to 90 bps by asymmetric adjustments in the reverse repo rate vis-à-vis the policy rate. The RBI posited that as financial markets returned to normalcy in April 2022, the width of the corridor is best restored to its pre-pandemic level. However, the central bank has been deficient in not providing an explanation as to how it has labelled this as a symmetric corridor when the roof of the corridor which is used to inject liquidity requires banks to provide collateral and the floor of the corridor absorbs liquidity without collateral.

The SDF works towards reducing the liquidity overhang by transferring money to banks that do not lend and instead deposit it at this facility provided by the RBI. The daily absorption under the SDF averaged Rs 1,500 billion during 2022-23 and the interest paid out by the RBI over the year was Rs 74,447 million. The average interest rate paid out by the RBI on the absorption under SDF is 4.9%. This is 8.5% of the surplus (or net income) transferred by the RBI to the government in the year and 24.5% of the surplus transferred the previous year—a considerable loss of revenue to the government.

There is additionally a weakening of the transmission channel of monetary policy. By making transfers to banks in the process of liquidity absorption, the RBI is increasing the value of equity of the banks and this reduces their cost of funding bank loans, which in turn increases the incentive for banks to lend. At the same time, the RBI, to tame inflation, is increasing the interest rate—this impacts asset prices and lowers the collateral value of loans apart from making them more expensive. This makes banks reduce the supply of loans. By raising interest rates the RBI is simultaneously lowering loan supply and increasing it. This reduces the potency of the transmission channel of monetary policy.

The RBI also has been wanting in not giving an explanation as to why the SDF is claimed to be a financial stability tool in addition to its role in liquidity management. Minimum required reserve requirements are a recognised financial stability tool and, since the onset of the pandemic, the CRR was cut to release around Rs 1,370 billion of liquidity in the markets. The RBI also provided exemptions from CRR maintenance for incremental loans for residential housing and MSMEs. Surprisingly, the RBI, since April 2022, has been raising the CRR outside the MPC meetings and it has been non-transparent as to why a monetary policy tool is not in the remit of the Monetary Policy Committee (MPC) that should be involved in such decisions. Raising minimum reserve requirements is arguably more powerful in restricting excessive credit and inflation when there is a liquidity overhang in the system.

Arjuna punished himself with a twelve-year exile and took an oath of celibacy for having disturbed Yudhishthir and Draupadi. But, soon after going into exile, he allowed himself to be seduced by Ulupi, and broke his vow twice more by marrying Chitrangada and Subhadra. The breach of the vow on one interpretation is why he was required by Yama to spend a short period in hell. In a symbolic corollary, the RBI gets its monopoly power over the creation of currency from the central government and so any surplus it earns from that should be handed over on behalf of taxpayers to the government and not paid out to commercial banks. The use of CRR as a tool of countercyclical policy is not as old as ancient Indian thought and should be deployed in the face of the excess liquidity rather than using the modern SDF. The RBI should, as part of its communications, elucidate how the SDF is a better financial stability tool, why the MPC is not deciding on the CRR, in what sense the LAF corridor has been restored and when will the SDF be replaced by the reverse repo rate, and how it envisages the transmission channel of monetary policy with the SDF as part of the policy toolkit. Until it does that, Arjuna requires assistance from a Shikhandi shield, to successfully hit the target from behind this. https://www.financialexpress.com/opinion/why-is-rbi-giving-taxpayer-money-to-the-banks/3326755/

13. Indian economy races ahead *(thehindubusinessline.com)* December 1, 2023

The US has registered a growth rate of 5.2 per cent and China's 4.9 per cent has beaten the forecasts for the July-September quarter of 2023 — but India witnessed an even higher Q2 growth rate of 7.6 per cent, racing beyond RBI's 6.5 per cent forecast by a staggering 110 basis points. Here are some salient features:

External sector: The IMF in its World Economic Outlook of July 2023 stated that world trade growth is expected to decline from 5.2 per cent in 2022 to 2 per cent in 2023, before rising to 3.7 per cent in 2024, well below the 2000-19 average of 4.9 per cent.

This impact was witnessed in India's foreign trade as merchandise exports and imports, services imports have reduced in Q2 FY24 compared to a year ago. Surprisingly, services exports have increased.

Trade balance, the gauge for net exports, has decreased from (-) ₹3.5-lakh crore in Q2 FY23 to (-) ₹1.75-lakh crore in Q2 FY24. This has been aided by higher trade surplus in servicesThe combined effect of higher trade surplus in services and lower merchandise trade deficit has led to reduced pull of net exports on the GDP in the second quarter.

Capital formation: To address the massive infrastructure deficit in the country, the Modi government stepped up capital expenditure as a percentage of total expenditure since FY20. For FY24, it was raised to ₹10-lakh crore from ₹7.5-lakh crore in FY23 on the back of fiscal consolidation. The improvement in quality of expenditure is not only non-inflationary but has higher multiplier effect and shields the economy from global headwinds. Capex from the Central Government increased by 26.4 per cent from year ago.

Labour market: The EPFO data for H1 FY24 reflects an increasing trend in employment catching up with increasing economic activity. As much as 4.77 million members were added in Q2 FY23 whereas that increased to 4.79 million in Q2 FY24. Labour force participation rate in urban areas increased from 47.9 per cent in Q2 FY23 to 49.3 per cent in Q2 FY24. Worker population ratio, too, has increased from 44.5 per cent to 46 per cent. Strikingly, unemployment rate fell from 7.2 per cent to 6.6 per cent amidst the increasing labour force participation rate and worker population ratio, indicating the abundance of income earning opportunities.

Inflation: Although crude oil prices exhibited flipping behaviour in Q2 FY24 vis-a-vis a year ago, it had reduced impact on consumer prices. The inflation rate in fuel and light grouping of consumer price index decreased from 3.67 per cent to -0.11 per cent during the second quarter FY24. Due to the broad based decline in price pressures, CPI too reduced from 7.44 per cent to a tad above 5 per cent.

Consumption: Due to the improved labour market conditions, easing inflation and rural consumer optimism as per the CVoters' latest Quarterly Consumer Optimism Report, GST collections — consumption tax — have increased by 10.5 per cent. The growth rates in power consumption, petroleum consumption and domestic auto sales also point to increased consumption activity. This was captured in the private final consumption expenditure, which grew by 3.13 per cent in Q2 FY24.

Industrial growth as per the Index of Industrial Production averaged 6.3 per cent in July-September 2023, up from 5.1 per cent in the previous quarter and 1.5 per cent in July-September 2022. As a result, manufacturing sector GVA grew by 13.9 per cent in Q2 FY24 compared with 3.8 per cent contraction a year ago. Due to deficient rainfall, the agriculture, livestock, forestry and fishing industry grew by 1.2 per cent in Q2 FY24, down from 2.5 per cent in Q2 FY23. Services sector grew by 6.77 per cent in Q2 FY24 over Q2 FY23, confirming the strong PMI services numbers for July-September 2023.

The government is on guard and is monitoring global headwinds. https://www.thehindubusinessline.com/opinion/indian-economy-races-ahead/article67595486.ece

14. Ensuring National security and prosperity requires a larger Indian Navy *(financialexpress.com)* December 4, 2023

The then Royal Indian Navy celebrated Navy Day for the first time on 21 October 1944. Since 1972, the Indian Navy (IN) has celebrated December 4 as Navy Day. The day was chosen to commemorate the audacious and successful attack by IN missile boats on Karachi harbour in the 1971 Indo-Pak war as part of Operation Trident. The 1971 war saw the full-fledged participation of the Indian Navy in combat for the first time since independence. It was an unfortunate and short-sighted government decision that prevented IN from showing its might in the 1965 war. The actions of IN on both the western and eastern seaboard in 1971 made the world take notice of our naval prowess. Over the many decades since then, IN has grown in strength, both qualitatively and quantitatively. It is to the credit of the visionary naval leadership of the past who steadfastly led IN to become a capable and impactful force, often against many odds.

"History is not a burden on the memory but an illumination of the soul," said John Dalberg-Acton, the great historian and philosopher. Sadly, in the Indian context, our maritime history was given short shrift, despite a glorious past dating back to 3000 BCE. Substantial maritime activity has been recorded in the Vedic age and the era of Nandas, Mauryas, Ashoka, Guptas, Satavahanas, Cheras, Cholas, Pandyas, Zamorins and Marathas. Many of these kingdoms were backed by powerful navies. The defeat of the Marathas ended our glorious maritime and sea-faring abilities. It would take almost two centuries later for India to even think of itself as a 'maritime nation.' However, the importance of the maritime sphere for trade and security was not lost on some, like Pandit Nehru and KM Panikkar, who advocated for a strong navy. The group of industrialists who came up with the Bombay Plan in 1944 also proposed a strong navy. However, the Pakistani invasion of Kashmir immediately after independence had a deleterious effect of shifting our attention and energies to the continental sphere at the cost of the maritime sphere. Even the fact that we are the only nation after which an ocean is named did little to arouse our maritime consciousness. No wonder the Indian Navy was never considered a major instrument in our strategic calculus till the 1971 war.

Indian naval power declined and went into oblivion when foreign powers ie European, came and established control over the seas and trade routes into India, especially from the 18th century onwards. Despite brave and sustained attempts by the Indian Navy to resurrect our maritime culture and overcome ‘maritime blindness,’ the nation and its strategic community largely remained continental-focused. Call it a twist of fate or an irony, but it was a foreign power ie China, that somewhat resurrected maritime consciousness within the strategic community in India as the increasing Chinese naval might, capability and maritime prowess became evident. In 1999, there was not a single visit by ships of the Chinese People’s Liberation Army Navy (PLAN) to ports in the Indian Ocean Region (IOR). These have now touched around two dozen every year. While port visits by naval ships are by themselves benign, PLAN activities in IOR are tailored to further their strategic interests, not all of which are benign. The IOR now witnesses approximately 1700 Chinese ships of all kinds in a month. This increased Chinese footprint in the IOR includes PLAN warships, fishing vessels, survey ships and intelligence-gathering vessels. Akin to how they behave in the South China Sea (SCS), the PLAN warships have exhibited their behavioural trait of being aggressive, even in the Indian Ocean. Satellite tracking ships of China have been frequently operating in the IOR. Despite the COVID pandemic, in 2020-21, their average deployment was 82 days. On an average, about 240 Chinese fishing vessels are present in IOR at any given time. Worryingly, the Chinese maritime militia is also active in the IOR.

China has made no bones about its desire to be able to project power both in the Pacific and Indian Oceans. Situated in a crowded geography and dependent upon the rest of the world for energy, commodities, and raw materials, China rightly assessed its vulnerability in the maritime domain. It, therefore, consciously shifted its military priorities from the continental to the maritime domain. This shift was exemplified by a focused upgradation of PLAN’s capabilities. From a 277-ship navy in 2010, PLAN is now numerically the largest navy in the world, with over 370 ships and submarines, including more than 140 major surface warships. This does not include the 60 Houbei class (Type-022) missile boats. The Pentagon estimates that PLAN will have 395 vessels by 2025 and 435 by 2030. The present submarine force level is 60, including 12 nuclear-powered ones. This is expected to reach 65 by 2025 and 80 by 2035. The Chinese are also making attempts to fit the YJ-18 Land Attack Cruise Missile (LACM) into commercial shipping containers for covert employment aboard merchant ships. Their construction of larger aircraft carriers is underway and in full swing, enabling PLAN to operate a carrier task force in IOR in the near future. Aiding the PLAN deployments will be their overseas base in Djibouti and ports such as Hambantota (Sri Lanka), Kyaukpyu (Myanmar), Lamu (Kenya), Gwadar (Pakistan) and Ream (Cambodia).

To its credit, the Indian Navy has been alive to the growing Chinese naval presence in IOR. IN’s expansion plans have been impressive on paper but have suffered from factors largely beyond its control, such as inadequate funding, delays in deliveries of ships by the public sector shipyards, and long procurement procedures. Comprising 132 warships at present, IN is expected to reach a force level of 155 to 160 warships by 2030 and aims to reach 175 warships by 2035. Naval aviation is a mix of a few modern platforms, such as P-8 I and MH-60R and many obsolescent ones, such as Sea King, Mig 29K, Chetak and Ka-31. Air power at sea requires a boost making timely induction of fighter aircraft, additional multi-role helicopters and a larger aircraft carrier an inescapable necessity. The absence of decision-making, in the case of the P-75 I submarine project, may lead to a likely depletion in the submarine fleet by 2030 and is a matter of concern.

Notwithstanding the 'rough seas' it often encounters in its growth, our Navy has been a significant facilitator and diplomatic actor in furthering our national interests as part of the Act East policy, Security And Growth for All in the Region (SAGAR) and Quad. IN's international engagements and exercises have significantly enhanced in the last few years. These have nurtured better interoperability, understanding and trust with friendly Navies, besides giving a clear message of India upholding the principles of freedom of navigation in international waters. Recently, IN hosted the maiden edition of Maritime Heads for Active Security And Growth for all in the Region (MAHASAGAR), wherein 11 Indian Ocean littorals participated. IN-led initiatives such as the Goa Maritime Conclave (GMC) sought to harmonise and collaborate capacities and capabilities in the IOR while the Indo-Pacific Regional Dialogue (IPRD) engaged at a strategic level, addressing 'holistic' maritime security issues across the Indo-Pacific. The Indian Navy Mobile Training Team has trained personnel of the National Coast Guard of Mauritius, and the Malagasy Armed Forces, amongst others. Internally, IN has taken laudable steps, such as inducting women aircrew and appointing the first woman officer to command a ship. Its initiative to institutionalise a 360-degree appraisal system is a 'first' among the three services.

For long, the IOR was thought to be free of great power rivalry. The rise of China and its navy has altered this belief. For China, the Indo-Pacific is crucial in becoming a superpower. Within the Indo-Pacific, the Indian Ocean will play a central role in determining China's place. It has embarked upon a systematic strategy to alter the balance of power in its favour. If successful, it will be at the cost of India. The maritime domain is India's gateway to power projection and prosperity. A secure and stable Indo-Pacific is central to India's security environment. Ensuring this requires a much larger, stronger, and better-funded navy. Equally important, Indians must elevate the maritime domain and IN more prominently in their security consciousness. Meanwhile, here's wishing our men and women in whites and their families a Happy Navy Day! https://www.financialexpress.com/business/defence-ensuring-national-security-and-prosperity-requires-a-larger-indian-navy-3327323/

15. Defending India *(thestatesman.com)* December 3, 2023

India's endeavour to bolster its military might unfolds as a complex and nuanced narrative. The recent strides made by the Narendra Modi government in remaking India's military apparatus reflect not only a response to the rising spectre of Chinese power but also an intricate weeding out of ghosts of the past.

India's endeavour to bolster its military might unfolds as a complex and nuanced narrative. The recent strides made by the Narendra Modi government in remaking India's military apparatus reflect not only a response to the rising spectre of Chinese power but also an intricate weeding out of ghosts of the past. The Tejas fighter jet saga, emblematic of India's struggle with indigenous defence production, paints a picture of ambition entangled in a web of challenges. While the jet is hailed as a symbol of self-reliance, its two-decade delay and lukewarm reception from Indian pilots underscore the pitfalls of such aspirations. This, however, is not a tale of unmitigated failure. Amidst the Tejas debacle, there are underappreciated pockets of progress that merit attention. One pivotal shift is the recalibration of focus prompted by the violent clash with Chinese troops in the Galwan valley in 2020.

The swift redeployment of troops and resources to the northern border signals a pragmatic response to the evolving threat landscape. The decision to prioritise the China-facing units over those dual-tasked with China and Pakistan reflects a strategic realignment, acknowledging the gravity of the challenge from the northern neighbour. Equally significant is the overhaul of India's military command structure, a move not witnessed since the country's independence in 1947. The creation of the Chief of Defence Staff (CDS) position and the Department of Military Affairs (DMA) underscores an attempt to foster synergy among the Army, Navy, and Air Force. While General Bipin Rawat's untimely demise impacted the momentum, the reforms are hailed as game-changing, giving the military a more assertive role in national security decision-making. In the realm of technology, India's Defence Research and Development Organisation's (DRDO) prowess in missile development stands out amidst its broader struggles. The private sector, once alienated, is finding a newfound embrace within the military ecosystem.

Smaller private firms, often start-ups, are contributing to cutting-edge innovations. The shift towards quicker procurement through single-vendor contracts for emergent technologies, post-Galwan, signals a departure from bureaucratic rigidity. Yet, as India surges forward, it grapples with age-old dilemmas and introduces novel controversies. The Agnipath scheme, designed to recruit shortterm military personnel, is mired in a debate between its proponents and sceptics. While supporters tout its potential to reduce pension costs and rejuvenate the armed forces, sceptics fear it might serve as a guise for social engineering, aligned with the ruling party's agenda.

The overarching concern, however, looms in the gaping disparity with China. Despite a budget increase, India finds itself trailing in critical areas. The Indian Air Force's shortfall in squadrons, the Navy's distant pursuit of a 175- ship fleet, and the Army grappling with obsolete equipment all point to a significant lag. The palpable technological gap, especially in the air domain, underscores the monumental challenge India faces in bridging the chasm with its formidable neighbour. In essence, India's journey towards military modernisation is a story of simultaneous triumphs and tribulations, where each step forward is accompanied by a sobering reality check. https://www.thestatesman.com/opinion/defending-india-2-1503246103.html

16. The democratisation of forestry: Indian Scenario *(dailypioneer.com)* 02 December 2023

Bridging local and global concerns, promoting equity and passionate stakeholders, are crucial for fostering the conservation of forests

Forests are vital ecosystems that maintain the balance of our planet and provide numerous resources and ecological services indispensable for human survival. Numerous research studies underscore the paramount importance of biodiverse natural forests in both climate change mitigation and adaptation.

In today's world, democracy stands as a beacon of hope, a principle that is both popular and attractive. However, the conundrum of choice between 'decision by merit' and 'decision by majority' presents a unique challenge in the context of the sustainability of forests and natural resources.

Historically people lived off natural resources while forests, producing more than what was extracted, sustained themselves. Communities often followed customary rules and norms related to grazing, firewood collection and more, demonstrating a profound respect for nature. Later the Zamindars and Chieftains formalised rules for exploitation of forest-produce. Management of forests using silvicultural principles started during British time and continued thereafter. Village Panchayats in central India, for example, had a say in the exercise of 'nistar' rights indicated in 'Nistar Patraks' and 'wazib ul arz' and also in 'Du-chand' areas that were twice the 'cultivated area' of the village. However, the relentless tide of rising populations and development pressures led to such area's overexploitation and abuse resulting in a loss of productivity, encroachment, and also diversion.

The National Forest Policy 1988 heralded an era of community-led management practices in forestry. The Joint Forest Management in the 1990s and the Panchayat (Extension to Scheduled Areas) Act 1996, made villagers participants in the domain of forestry. However, with Panchayats saddled with the responsibility of working as the grass-root level governance units for a multitude of social and financial resource-rich sectors and with the emergence of newer livelihood options and development strategies, forestry-related activities had, de facto, a low priority within Panchayats.

In 2006, the Forest Rights Act (FRA) was passed to redress the 'historical injustice' allegedly done to the 'forest-dwelling scheduled tribes' (FDSTs) and 'other traditional forest dwellers' (OTFDs) and recognize forest rights in their favour. FRA, a unique instrument heralding democratization of the forest right claims' scrutiny at the village level provided for vesting of management rights into the eligible communities of FDSTs and OTFDs. Democratization is supposed to equip the management framework with the relevant traditional knowledge and local communities' wisdom. It allows recognition of the interest of communities in preserving forest resources and securing a collective commitment towards their sustainability. While it fosters a sense of ownership and responsibility and the creation of an equitable and just system, it must ensure that marginalized communities are not left behind. India attempted the democratisation of forestry using the paradigm of traditional Gram Sabha/ Panchayats. In the past selection of Panchas was based on local customs, traditions, and community consensus. The system was deeply rooted in the principles of inclusivity and collective decision-making where well-respected individuals with leadership qualities, integrity, wisdom, fairness, competence, and knowledge of local issues were selected. Village dynamics, however, have undergone a seismic shift with political leaders gaining influence. The impact of the political system on the village-level psyche; already fractured by caste, class, and economic considerations; is a complex and multifaceted issue today. While the political system does foster awareness and civic participation, state or national politics often eclipses local concerns. Interestingly, however, global prioritization of forest conservation seldom trickles down to the village through political leaders and in instances of damage to forests, they tend to favour their electorate. Political expediency becoming the order of the day, and transforming mindsets to favour forest conservation irrespective of political affiliations is a formidable challenge. Further, convincing people to protect and conserve for the sake of stakeholders beyond their village limits is yet another challenging task.

The journey towards the democratization of forestry has been fraught with challenges and limitations. A fundamental obstacle is the persistence of power asymmetry within local communities. This became glaringly evident during FRA’s implementation when powerful elites and interest groups attempted to manipulate amendments to its rules and guidelines. The influence on decision-making led to widespread illegal recognition of non-admissible individual and community forest rights, to the disadvantage of genuine beneficiaries. Such instances of ‘elite capture’ hurt the sustainability of forests and natural resources. The 2021 Status of Forest Report by the Forest Survey of India (FSI) reveals that Maharashtra's Gadchiroli district; with management rights on the majority of forest areas vested, albeit in violation of provisions, in Gram Sabhas; witnessed maximum forest fires in the previous three years.

Effective forest management in today’s context necessitates specialised knowledge in areas like ecology, silviculture, and their interdisciplinary linkages. With the availability of new livelihood options and increased migrations, villages do experience an erosion of traditional knowledge and competencies. Preparation of biodiversity registers under the Biological Diversity Act 2002 by hiring outsiders in many villages is a case in point. Further, a lack of technical knowledge becomes a significant limitation. The case of Mendha Lekha village in Maharashtra serves as a poignant example. Here, a bamboo coupe was clear-felled in 2012 by violating silvicultural prescriptions. The area is yet to regain its productivity creating difficulties for the exercise of forest rights.

The desire for quick economic gain may lead to the prioritisation of short-term gains over long-term sustainability undermining conservation-oriented practices. Bamboo over-harvesting as also neglecting the sanitary felling operations is reported in many villages. In this context, the FSI’s 2021 report regarding the loss of about 10,500 sq. km of bamboo-bearing area in the country deserves field-level scrutiny. On the economic front, because of the scale of operation, village-level incomes suffer due to market dynamics and inadequate value chains. The position of the genuine beneficiaries of FRA in the case of the ‘tendu leaves’ trade controlled by village elites in many villages of Maharashtra is worth examining.

Legal frameworks and implementations with sectoral biases harm community interests and jeopardize the sustainability of resources. In this context, the exclusion of foresters from the FRA's micro-plan preparation committees in Maharashtra warrants a reevaluation. Ministry of Tribal Affairs, GOI issued guidelines for the supersession of existing landscape-based Working Plans by all village-level micro-plans. While the guidelines have far-reaching implications for the ecosystem continuum vital for biodiversity’s survival, they disregard the National Working Plan Code of the MOEFCC, Government of India as well as the Supreme Court’s order mandating the sanction of all management plans by the Central Government. Tribal department being the nodal agency for FRA, there is a conspicuous lack of urgency in addressing the mandated issue of sustainability of forests and forest resources which is a non-negotiable precondition for the sustainability of forest rights itself. Exercising effective control on corruption and misgovernance at various levels including that at the panchayat level is yet another serious concern. In the absence of cognizance of violations, FRA’s implementation has largely been ignoring the proverb ‘Charity beyond law is an injustice to others’.

Duly accepting the fact that contextuality will determine its success, democratization may be adopted carefully as a strategy for sustainable resource management. The development of appropriate institutional capacity, trained workforce, and availability of resources within an appropriately designed legislative framework must become a precondition. Recognizing the limitations and learning from past experiences is essential. Addressing power imbalances bridging local and global concerns, and promoting equity and collaboration among stakeholders, for fostering conservation approaches are crucial. The need for a nuanced understanding and adaptive strategies being paramount, the selection of the most appropriate strategy will be a testament to our commitment to a sustainable and equitable future. The stakes are high, and the time to act is now! https://www.dailypioneer.com/2023/columnists/the-democratisation-of-forestry--indian-scenario.html