NEWS ITEMS ON CAG/ AUDIT REPORTS

1. फिस्कल डेफिसिट नवंबर में FY24 के टारगेट के 50% तक पहुंचा

(hindi.moneycontrol.com) 02 Jan 2024

इस वित्त वर्ष में नवंबर तक सरकार को 17.4 लाख करोड़ रुपये मिले। यह पूरे वित्त वर्ष के बजट अनुमान का 64.3 फीसदी है। इसमें 14.35 लाख करोड़ रुपये का टैक्स रेवेन्यू शामिल है। 2.84 लाख करोड़ रुपये नॉन-टैक्स रेवेन्यू से आए। 25,463 करोड़ रुपये नॉन-टैक्स रेवेन्यू से आए। इसमें लोन की रिकवरी और दूसरे कैपिटल रिसीट शामिल हैं।

सरकार का फिस्कल डेफिसिट नवंबर 2023 में पूरे वित्त वर्ष के टारगेट के 50 फीसदी तक पहुच गया। कंट्रो लर जनरल ऑफ अकाउंट्स (CAG) ने 29 दिसंबर को ये आंकड़े जारी किए है। कैग के डेटा से पता चला है कि अप्रैल से नवंबर के दौरान सरकार का फिस्कल डेफिसिट 9.06 लाख करोड़ रुपये पहुंच गया। फिस्कल डेफिसिट का मतलब सरकार के रेवेन्यू और एक्सपेंडिपें चर के बीच के अंतर से है। वित्त वर्ष 2022-23 की इसी अवधि में सरकार का फिस्कल डेफिसिट बजट में तय टारगेट का 58.9 फीसदी था। इस वित्त वर्ष में सरकार ने फिस्कल डेफिसिट जीडीपी का 5.9 फीसदी रहने का अनुमान रखा है। इसका ऐलान वित्तमंत्री निर्मला सीतारमण ने 1 फरवरी, 2023 को पेश यूनियन बजट में किया था।

नवंबर तक आए 17 लाख करोड़

इस वित्त वर्ष में नवंबर तक सरकार को 17.4 लाख करोड़ रुपये मिले। यह पूरे वित्त वर्ष के बजट अनुमान का 64.3 फीसदी है। इसमें 14.35 लाख करोड़ रुपये का टैक्स रेवेन्यू शामिल है। 2.84 लाख करोड़ रुपये नॉन-टैक्सरेवेन्यू से आए। 25,463 करोड़ रुपये नॉन-टैक्सरेवेन्यू से आए। इसमें लोन की रिकवरी और दूसरे कैपिटल रिसीट शामिल हैं। CAG के डेटा से पता चला है कि अप्रैल-नवंबर 2-23 के दौरान केंद्र सरकार का कुल खर्च 26.52 लाख करोड़ रुपये रहा। इसमें से 20.66 लाख करोड़ रेवेन्यू अकाउंट को एलोकेट किया गया, जबकि 5.85 लाख करोड़ रुपये कैपिटल अकाउंट को एलोकेट किए गए।

फिस्कल डेफिसिट में कमी करने का दबाव

सरकार को वित्त वर्ष 2025-26 तक अपने फिस्कल डेफिसिट को 4.5 फीसदी पर लाना है। इसके लिए सरकार को अपने खर्च को नियंत्रण में रखना होगा। एक्सपर्ट्स का कहना है कि सरकार अगले वित्त वर्ष के लिए फिस्कल डेफिसिट का कम लक्ष्य तय कर सकती है। इसके लिए सरकार सब्सिडी पर अपने खर्च में कमी कर सकती है। लेकिन, लोकसभा चुनावों को देखते हुए सरकार के लिए ऐसा करना मुश्किल होगा। इस साल अप्रैल-मई में लोकसभा चुनाव होने वाले हैं। ऐसे में सरकार वेल्फेयरस्कीम, फूड सब्सिडी और फर्टिलाइजर्स सब्सिडी में कमी करना नहीं चाहेगी।

अगले वित्त वर्ष के फिस्कल डेफिसिट टारगेट पर नजर

वित्तमंत्री Nirmala Sitharaman 1 फरवरी को अपने बजट (Union Budget 2024) भाषण में अगले वित्त वर्ष के फिस्कल डेफिसिट के टारगेट के बारे में बताएंगी। एक्सपर्ट्स की नजरें इस पर होंगी हों । यह देखना दिलचस्प होगा कि चुनावी साल में सरकार अपने खर्च को नियंत्रण में रखने के उपाय करेगी या फिस्कल डेफिसिट को बढ़ने देगी।

https://hindi.moneycontrol.com/news/business/budget/budget-2024-fiscal-deficit-nirmala-sitharaman-modi-budget-union-budget-2024-1693691.html

STATES NEWS ITEMS

2. Can Kerala achieve financial stability as federalism weakens, experts weigh in *(thenewsminute.com)* 03 Jan 2024

Kerala is facing a deep fiscal crisis because of the decline in grants in aid from the Union government, cuts in share of taxes and restrictions on borrowing. Can the state tide over the crisis to meet its development and welfare obligations?

Kerala's Minister for Finance KN Balagopal is contemplating presenting the annual state budget in January 2024, to ensure its passage before the general elections. However, the budget, being presented when the state is experiencing acute financial distress, is unlikely to see announcement of new projects.

This is because of the stance taken by the Union government that loans by Kerala Infrastructure Investment Fund Board (KIIFB), which drives infrastructure development, are the onus of the state and it cannot borrow anymore, according to reports. Off-budget borrowings by KIIFB and the Kerala Social Security Pension Ltd (KSSPL) have for long faced red flags by the Comptroller and Auditor General (CAG).

The state is in need of additional tax resources but the hike in taxes and duties last year was a cause of heartburn and it is unlikely that the state would burden citizens with a similar exercise in an election year. How the state would prioritise welfare spending amidst the crisis is another question.

The state government has squarely blamed the Union government, which allegedly defaulted on payments due to the state, for escalating its financial troubles. It also moved the Supreme Court in December 2023 arguing that the action violated fiscal federalism.

Is the Union govt depriving Kerala of funds?

A 2023 study by Gulati Institute of Finance and Taxation (GIFT) said Kerala recorded one of the highest growth rates in state's own tax revenue. It also displayed strong evidence of fiscal consolidation in league with some other states. But the decline in grants in aid from the Union government, negligible growth in the share of Central taxes and unprecedented restrictions on borrowing to adhere to the Fiscal Responsibility and Budget Management (FRBM) Act, which the Union government too is guilty of violation, severely impacted the state government's capital expenditure and fiscal freedom.

The study 'Turn around in own tax mobilisation yet the fiscal stress: Kerala in a comparative perspective' by KJ Joseph, Anitha Kumary L and Raj Krishna, said because of these restrictions the state could not even borrow even three percent of the Gross State Domestic Product (GSDP), which it is entitled to as per the FRBM Act.

The CPI(M)-led Left Democratic Front (LDF) government took a decisive step by approaching the Supreme Court on December 13 against the tactics of the Union government. The state government alleged that the Union government through various measures has been exacerbating the state's fiscal challenges, prompting Kerala to file a suit against the capping of its borrowing limit. The state contended that such restrictions, particularly the implementation of a Net Borrowing Ceiling (NBC), was an infringement on its constitutional powers, endangering its financial stability.

Under Article 131 of the Constitution, Kerala argued that state debt fell exclusively within its jurisdiction as per Article 246 under the 7th schedule. The suit contended that the imposed NBC, limiting borrowings from diverse sources, including international channels, undermines the state's fiscal planning under the Kerala Fiscal Responsibility Act, 2003. The state warned of catastrophic consequences, stating that "treasury operations will be halted or starkly curtailed" if the Union government's measures persisted.

Finance Minister KN Balagopal, in a letter to the Union Finance Minister on December 2, raised concerns about the deduction of Rs 332 crore from the settlement of Integrated Goods and Services Tax (IGST) for November 2023. Balagopal expressed frustration over the lack of clarity on the deduction and questioned the calculations behind it.

Balagopal had asserted in November 2023 that the state stood to lose Rs 57,400 crore in Union government transfers and loan approvals in the current fiscal year. Citing a decrease in Revenue Deficit Grant, a shortfall in GST compensation, and a significant drop in the state's share of taxes, he attributed the losses to the policies of the 15th Finance Commission. Chief Minister Pinarayi Vijayan echoed these concerns, accusing the Union government of 'suffocating the state' through its financial policies.

Congress Parliamentarian TN Prathapan added political weight to the issue by moving an urgent motion in the Lok Sabha on December 4, decrying the alleged discrimination of the Union government towards Kerala.

Union Finance Minister Nirmala Sitharaman, during her recent visit to Kerala, refuted claims of deprivation, asserting that the Union government had disbursed all funds to the state in a timely manner. She also alleged that the financial crunch faced by Kerala could be attributed to the state's extravagant spending. The Union Finance Minister however admitted that certain funds are pending but justified that by saying that they would only be allocated if the state adhered to specific guidelines and refrained from rebranding Union government policies.

Union government ties fund allocation to branding

The Union government has made branding mandatory for the schemes like Swachh Bharat Mission (SBM), Ayushman Bharat, National Health Mission and Pradhan Mantri Awaz Yojana (PMAY), where central assistance is involved. But Kerala has taken a position that projects implemented with the participation of both Union and state governments cannot be branded only as central projects.

Nirmala Sitharaman during a state visit had stated that the disbursement would only occur when the Kerala government fulfilled specified requirements outlined by ministries and the directives of the 15th Finance Commission.

Her statement was in reference to housing projects like Kerala's Life Mission, executed in coordination with the Pradhan Mantri Awas Yojana (PMAY) and rebranding of Public Health Centres. Sitharaman highlighted the Union government's desire for

PMAY's logo and name to be displayed on houses, emphasising adherence to established guidelines. Kerala, however, argued that beneficiaries under this scheme receive an additional state share. According to the state, each beneficiary under this scheme receives an additional state share of 62.5% (in urban regions) and 82% (in rural areas). Under PMAY housing schemes, the Union government provides Rs 1.50 lakh for each beneficiary and the state government additionally provides Rs 2.50 lakh each, so that one can build a house for Rs 4 lakh.

In a letter to Union Minister for Housing Hardeep Singh Puri, Kerala's Local Self-Government Minister MB Rajesh defended the decision not to brand the state scheme, expressing concern that branding might imply charity and compromise the dignity of beneficiaries.

The letter said “We've chosen not to brand our state scheme, as branding may imply charity, potentially affecting the dignity and self-respect of beneficiaries. We are steadfast in our commitment to upholding democratic values and ensuring people's right to a dignified life, without any implication of charity.”

“We express our concern that affixing branding logos on houses may inadvertently compromise the dignity and self-respect of beneficiaries. We believe that a safe living space is a basic right, and the state's duty is to ensure it, not present it as a gift,” the minister said in the letter.

The state also argued that it pays security pensions to 60 lakh people, and Union government beneficiaries are only around 6 lakh among that.

Most Public Health Centres (PHCs) in the state have been rebranded as Ayushman Atrogya Mandirs, as per a directive of the Union Health Ministry. But the Union government is yet to release the funds.

Further complexities emerged as the Union Minister alleged that the GST compensation cess was withheld due to the state requesting a reevaluation of numbers by the Accountant General before release.

Kerala’s financial crisis goes deeper

While there is apprehension about the Union government bending the rules, creating challenges for the state, experts argue that Kerala's financial crisis extends beyond these concerns.

In an address on the "Fiscal Crisis in Kerala" at a Kerala University event on December 14, Midhun VP, Assistant Professor at Government College, Kasaragod, underscored that Kerala's financial woes are not a recent phenomenon but have persisted over many years.

"When we compare our outstanding debt—comprising the total principal and interest amount of debt yet to be paid—with neighbouring states, Karnataka and Tamil Nadu, spanning the period from 2005 to 2023, it surpasses theirs. So, the financial crisis in Kerala is not a novel issue; it has been a longstanding concern," he emphasised.

Midhun pointed out that Kerala has been grappling with a financial crisis since 2015 but managed to overcome these challenges through three key factors: GST Compensation, off-budget borrowing, and Revenue Deficit Grants. However, he cautioned that these measures are sustainable only in the short run, raising doubts about the long-term financial stability of the state.

Experts pointed out that the impact of financial allocations from the 15th Financial Commission has triggered a notable shift in the fiscal landscape, especially concerning Kerala's share of the Revenue Deficit Grant. Traditionally designated to assist states in navigating financial crises, the grant also serves to enhance fiscal services. In contrast to the 14th Financial Commission, which extended the revenue deficit grant to approximately 11 states, the 15th Commission expanded this provision to include a broader spectrum, benefitting around 17 to 19 states. Consequently, Kerala witnessed a decline in its share.

Speaking to TNM, Nagaraja Naidu, former Associate Professor for Economics at Kerala University said that the state government hasn't yet published enough details regarding its pending payments and financial situation.

According to guidelines set by the Union Government, every state is permitted to raise up to three percent of its Gross State Domestic Product (GSDP) annually. In Kerala's case, the state government typically extends guarantees to various public sector enterprises, facilitating their borrowing from the open market. However, the Union government contends that these guarantees should also be considered a future liability of the state.

"The budget provision for borrowing is capped at three percent of the GSDP, adhering to Union Government regulations. Additionally, some states engage in off-budget borrowing, a practice of borrowing outside the official budget. Kerala, notably, employs off-budget borrowing through entities like Kerala Infrastructure Investment Fund Board (KIIFB) and pension funds. In response to these financial strategies, the Union Government has taken a significant step by reducing the borrowing limit for the state government, introducing a new layer of complexity to the financial relationship between Kerala and the central administration," Naidu said.

Another setback for the state government was stopping GST compensation. Initially, in 2017, a compensation policy was in place, wherein if a state failed to meet a specific GST revenue threshold, the central government would provide compensation. This compensation mechanism operated seamlessly for the first five years but came to a halt thereafter.

"In the face of halted funding, we had ample time to implement measures to compensate. While more resourceful states managed to withstand the challenge, the reality is that as a consumer state with limited resources, Kerala found itself in a vulnerable position," Naidu said.

Economists suggest that Kerala should increase its GSDP to increase its borrowing limits.

"In the current scenario, we need to temporarily trim down unproductive expenditure, especially on populist policies. Effective expenditure management is a viable solution. Exploring collaboration with private agencies and leveraging the resources of the private sector is imperative. To enhance the purchasing power of the people, a crucial avenue lies in increasing revenue, primarily through strategic tax measures, which can boost demand and stimulate consumption," Naidu added. https://www.thenewsminute.com/kerala/can-kerala-achieve-financial-stability-as-federalism-weakens-experts-weigh-in

3. Children of construction workers pay the price for Karnataka's welfare board mess *(thenewsminute.com)* 03 Jan 2024

The Karnataka Building and Other Constructions Workers Welfare Board is not starved of funds. As of July 31, 2023, it had a balance of Rs 7,001.11 crore, and of all the schemes, it is the scholarship applications that are highest in number.

In October 2023, the Congress-led Karnataka government abruptly slashed the scholarship amounts given to children of construction workers registered with the Karnataka Building and Other Construction Workers Welfare Board. The reduction was so severe that it sparked a political slugfest with the Opposition parties – Bharatiya Janata Party (BJP) and Janata Dal (Secular) [JD(S)] – accusing the government of being so starved of money due to the implementation of the five guarantee schemes, that they were taking away money from other schemes implemented by various departments.

In reality, it was a knee-jerk reaction by the Labour Department as the pandemic years had seen a two-fold rise in the number of registered construction workers, most of whom were bogus. A look at the numbers revealed that the then government under the BJP, which was unable to dip into the pool of money with the Welfare Board, encouraged people to register as construction workers and avail COVID-19 relief benefits. Even for the scholarships, lakhs of applications coming in were bogus.

The Department and the Minister who heads it, instead of finding a solution to the problem, went for the easy fix, cutting down on scholarships. Minister Santosh Lad who stridently defended the reduced scholarship amount, did a huge disservice to vulnerable students.

The issue came to a head with various trade unions staging protests demanding the withdrawal of the order. After a state-wide protest on November 29, a four-hour meeting on December 18 with the Board members resulted in some assurance to the union members that the Department would work on the upward revision of the scholarship amounts, and work towards weeding out bogus registrations to the Welfare Board.

But the unions also demanded that the Department do away with a scheme providing medical check-ups to construction workers. The problem, say union members, is that the Department has tied up with private hospitals for these check-ups, spending a whole lot of money. They ask how the Department can spend excessive amounts of money on check-ups in private hospitals when there are good and cheaper government hospitals, and then claim not to have enough money to spend on scholarships. The trade union groups are also preparing to approach the High Court challenging the revision of the scholarship amounts.

In an interview last month with The Hindu, Labour Minister Santhosh Lad said that the Board had received 13 lakh applications for scholarships for 2022-2023. For the year 2021-2022, they had received a little over 3.38 lakh applications. Santhosh said the increase in scholarship applications was due to the increase in bogus registrations to the Welfare Board, made by ineligible people during the three-year rule of the BJP. According to the Minister, the Board had identified seven lakh genuine applicants for scholarships and weeded out the other six lakh applications. Sources monitoring the issue say that eventually 9.5 lakh applications were approved.

The allocation for scholarships for 2022-2023 is Rs 220 crore, a decrease of more than half compared to the previous year's expenditure on scholarships at Rs 460 crore. Even in the previous year, around 1 lakh children whose scholarship applications were approved have not received the amount totalling around Rs 226 crore.

The Welfare Board is not starved of funds. As of July 31, 2023, it had a balance of Rs 7,001.11 crore. Of all the schemes run by the Board, it is the scholarship applications that are the highest in number.

By the mid-nineties, around 85 lakh people in India were involved in building and construction works, and as unskilled labourers who were largely illiterate, they were identified as the most vulnerable in the unorganised labour sector in the country. Lack of safety measures and basic amenities, the temporary nature of the relationship between the building contractor and the workers, and the absence of any sort of welfare facilities had become the hallmark of the construction labour segment. Consistent demands by trade unions finally resulted in the formation of The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Bill, which came into effect in August 1996.

Under this, the states would form their respective Welfare Boards, and registered construction workers would be entitled to benefits including financial assistance for the education of children. Construction workers aged between 18 and 60, who had been engaged in construction work for 90 days in the preceding year were eligible to register as beneficiaries.

The Welfare Board operated concomitantly with The Building and Other Construction Workers Welfare Cess Act, of 1996, allowing the corpus fund for the Welfare Board to come from all manners of construction –private and government – with cess being levied at a rate of 1% of the cost.

In 2006, the National Campaign Committee for Central Legislation on Construction Labour approached the Supreme Court with a writ petition, citing the poor implementation of the Act across the country by most state governments and Union Territories. During the hearing, the court was informed that Rs 37,400 crores had been collected as cess, but only about Rs 9,500 crores had been utilised ostensibly for their benefit. "What is being done with the remaining about Rs 28,000 crores?" the court asked. It was a fair question.

Maharashtra, for instance, had collected Rs 777.69 crore as cess in 2012-13 alone but spent only Rs 3.99 crore. Rajasthan, for the corresponding period, collected Rs 173.83 crore and spent a paltry Rs 11.89 crore on the beneficiaries.

Over the years, court directions were issued about holding regular Welfare Board meetings, Comptroller and Auditor General (CAG) audits, disbursing funds promptly to beneficiaries, attempting to enrol construction workers, et al and later, a direction to draft a model scheme for their welfare. One of the five key areas identified by the court and the Union government was to lay greater emphasis on education and provide educational facilities to the children of the building and other construction workers.

In the judgement delivered on March 19, 2008, Justice Madan B Lokur and Deepak Gupta mentioned the court's order on February 7, 2012, where it made clear that "the funds available with the Welfare Boards which have not been disbursed or are not likely to be disbursed within a short period should be properly invested with the nationalised banks only. Funds available with the Welfare Boards shall not be utilised by the State for any other head of expenditure of the State Government, etc."

This effectively stopped the state governments from dipping into the rich coffers of the Welfare Board, though some governments in Karnataka, including that of the BJP, did make unsuccessful attempts. It is because of the same order that the Siddaramaiah government could not have made use of the Welfare fund money for other purposes. The state government cannot be cutting scholarship amounts to children of registered construction workers citing a shortage of funds, as the Welfare fund money is not a budgetary provision.

Clearly, with more than Rs 7,000 crore in funds available, there was no shortage of funds for the Welfare Board. But cut, they did.

Nonetheless, workarounds exist. While state governments might not have been able to directly access the funds, getting fake beneficiaries registered under the Welfare Board was a way out.

What happened in Karnataka

Karnataka did not buck the nationwide trend. The Karnataka Building and Other Construction Workers Welfare Board (referred to as the Welfare Board) saw enrollment to the board beginning in 2007 and the number of registered workers crossed 1 lakh only in 2015. By January 2020, a firm push by the Supreme Court had seen around 22.03 lakh workers registered with the Welfare Board, including 5.05 lakh workers engaged in the construction of buildings under the Mahatma Gandhi National Rural Employment Guarantee Scheme. But the Welfare Board was not very proactive when it came to implementing schemes.

According to CAG's report in 2020, as of March 2019, the Board had registered 15.69 lakh workers and had a closing balance of Rs 7,151.26 crore. The Board had utilised a mere 5% of the funds available at its disposal on welfare schemes during the period 2014-15 to 2018-19. "At the end of March 2019, the Board had to bear an additional liability of Rs 2,358.94 crore including penal interest of Rs 755.07 crore towards income tax, which could have been averted had the Board followed the provisions available in the IT Act, 1961, for availing tax exemption….Despite having the Expert

Committee to advise the Government in drafting the rules, there were inconsistencies and unrealistic clauses which led to the denial of assistance to construction workers and the Board could utilise only 5% of the available funds on welfare schemes during the period from 2014-15 to 2018-19," the report stated.

The generous funds seemed to have drawn attention when COVID-19 struck. The Board saw an abnormal spike in registration in the next two to three years. Between January 2020 and April 2023, the number of registered workers saw a huge increase with 44,28,004 people registering with the Welfare Board. As of July 2023, that number had increased to 46,42,374 people.

The biggest increase came from Haveri, the home district of former Chief Minister Basavaraj Bommai, where it jumped from 36,483 workers in January 2020 to a shocking 2,86,410 in April 2023. Koppal district showed a jump from 26,260 to 2,14,174, Kalaburagi from 70,135 to 3,17,247 and Belagavi from 96,625 to 2,54,567 for the corresponding period.

"The bogus applications came in during COVID-19. The Welfare Fund was giving Rs 3,000 to 5,000 relief amounts to registered workers as everything had come to a standstill and there was economic distress. The BJP also encouraged this," said

K Mahantesh, general secretary of Karnataka Building and Other Construction Workers Federation. Registration had also been made easy as now anyone could register through the Seva Sindhu portal or citizen service centres across the state. From 1.99 lakh in 2019, the numbers had jumped to 46.42 lakh by July 2023.

Much criticism has also been directed by trade unionists towards then Labour Minister Shivaram Hebbar. While his district Uttara Kannada saw membership jump from 59,160 to 1,66,593, they alleged that most of this came from his constituency Yellapur. The large number of bogus registrations could not have happened without the collusion of the Labour Department officials, they allege. In 2020-21, COVID-19 relief amounts were given to 16,48,431 people at a cost of Rs 824.21 crore and 19,62,941 registered people received benefits at a cost of Rs 588.58 crore in 2011-2022.

While the state was not allowed to dip into the funds directly, they found other ways to go about it. Mahantesh says that one of the reasons for the bogus registration spike was the Karnataka Slum Development Board. "The Slum Development Board received Rs 400 crore from the Welfare Fund. Those who applied for a house there were told to get registered under the Welfare Board as a construction worker and then they would get their applications approved there and receive money," Mahantesh said. Though providing funds for housing to construction workers is one of the main intentions behind the Construction Workers Act, nothing ever has moved on the applications filed by them under the Welfare Board, according to Appanna, the state general secretary of All India Central Council of Trade Unions (AICCTU).

Mahantesh says that the Department also decided to provide laptops to high school children who had scored more than 96% in exams. "There was no demand for a laptop. Anyways, the Act also doesn't envisage discriminating and providing something only to someone who scores more. All the children should be provided for," he said. In addition, plans to provide laptops and tablets do not make sense, when many of the children are still not able to attend school or many who are enrolled in government schools do not have proper reading and writing skills even in high school, he added.

The latest bone of contention with how money is being spent is about a medical check-up plan for the construction workers where they have tied up with private hospitals.

"This is a scheme, where money per person (about Rs 3,000) is being paid to private hospitals for a check-up. Where is the need to do this, when government hospitals offer the same at a much cheaper rate? And like most people, these results say the person has high blood pressure and diabetes. That is a result I can't get at Rs 50. Why should so much money be paid to private hospitals?" Appanna asked. Trade unionists also alleged that if a hospital conducted check-ups for 200 people, then a bill for 400 people was being generated. This is when medical bills for reimbursement due to hospitalisation amounting to Rs 2 lakh have been kept pending. Schemes, where money has to be paid to outside agencies, are running well, while schemes where beneficiaries are paid directly are left pending, he alleged.

So much has the medical check-up riled up the workers, that protests are being staged in districts against it. After protests on November 29, at a meeting with Labour Department officials on December 19, union workers demanded that the medical check-up be withdrawn and the amount be used for scholarships. At the top of the list of matters that were discussed is how the Department is going about weeding bogus applicants and those who want to renew memberships.

Principal Secretary of the Labour Department, Mohammed Mohsin said they had begun the weeding out process starting from Haveri district. "We have a special team there as the number of registrations is very high. We suspect 50 to 60% of labour cards from that district are fake. We are giving a public notice to return the cards, voluntarily," he said. What the construction workers' representatives are demanding is that they announce the filing of criminal charges against bogus card holders, something the Department refuses to do.

But what the Department is now asking to ensure the registrations are genuine is daunting. Mohsin says they want construction workers' payslips or bank passbooks. Other proofs include showing the building's plan approval document, the door number of the building or the attendance register. When pointed out that this was an unorganised sector, where terms of employment is an oral agreement and money is mostly paid in cash, Mohsin said, "But, we need some proof to verify. For instance, a lecturer from Ballari working in Mysuru is registered as a construction worker. In some schemes, we have 100 applications with the same mobile number. All we are asking is to show us something to say they have worked for 90 days in the year prior. We do not want to hurt genuine workers. We are just trying to avoid misuse."

Mahantesh points out that only 15 to 20% of construction works through proper paperwork and contracts. "They are mostly illiterate and over the years, we have had to coax them to come and register with the Welfare Board. With all these new restrictions, they will hesitate to do it. We are trying to convince the officials that they cannot be too technical. It is mostly the fake ones who will have all the answers ready."

Appanna laughed as he described how the renewal applications were being verified. “A lot of construction workers work multiple or seasonal jobs. Someone from the Department will call them to verify and they ask them where they are. The worker will say he is tending to sheep as that is what he is doing at that exact moment. Based on that alone, they are rejecting renewal applications.”

The deleterious impact of reducing scholarship amounts

The argument made by the Labour Department for reducing the scholarship amounts is the huge expenditure incurred. “We have nine and a half lakh applications after we rejected the bogus claims. If we give the scholarship it will be Rs 1,500 to Rs 1,600 crore each year and what is coming in is Rs 800 to Rs 1,000 crore each year. If we continue with the old amounts, then we will have to close down all other social security schemes,” Mohsin said. Further, comparing the old rates to SC/ST scholarships, they said the amounts offered by the Welfare Board were too high and they needed a benchmark.

Critics say this is an argument that defies logic. For one thing, the funds for the Welfare Board come from cess collected over the years (including membership and renewal fees collected earlier), while allocations for SC/ST scholarships come from Union and state governments, where budgetary allocations have been made. It is also a matter of record that repeated mentions have been made by parliamentary committees that the SC/ST scholarship amounts are very low. A Parliament Committee on the Welfare of Scheduled Castes and Scheduled Tribes, headed by BJP MP Kirit P Solanki, earlier this year, demanded an upward revision to help them keep up with the inflation.

In the case of construction workers, the plight of millions of illiterate workers with poor working conditions and lack of access to basic facilities like health and education meant that the children too would often end up illiterate perpetuating the same cycle of poverty. Hence, education was given greater preference.

“It is with great difficulty that we managed to get these workers registered and tried to ensure their children go to school. This education scheme was brought because the majority of the workers are illiterate and so are their children. If we do not give that amount to primary and high school education then it is a given that these children will end up becoming construction labourers as well. Very few of them go to college and the scholarship requests are also few. Education is such an important component. If you cannot help out there, how can you call it welfare? Would these same government officials agree to a decrease in their DA?” Mahantesh questioned.

“The trend of migration among construction workers shows increased poverty and disparity. Their children in Bengaluru, for instance, have fallen off that radar. The government instead of reducing scholarship amounts should be making a concerted effort to get these children to school and ensure they stay. That is not getting the attention it warrants. Look at various construction projects around the city and you can find children sitting on the side of the road while their parents work. There cannot be coercion, so participative processes like scholarships encourage the parents to send them to school and allow children to grow,” advocate Clifton D’Rozario, national secretary of AICCTU said.

Officials have now promised to look into the upward revision of college scholarships and not school scholarships. “Maybe if numbers (bogus registrations) come down, we can reconsider the rates if we have a genuine number of workers,” Mohsin said.

“If they think school scholarships are not important, then we can only assume they are looking for more illiterate construction workers for the future,” Appanna said. https://www.thenewsminute.com/karnataka/children-of-construction-workers-pay-the-price-for-karnatakas-welfare-board-mess

4. राजस्थान पर बढ़ा कर्ज भजन लाल सरकार के लिए बनेगी चुनौती, आंकड़ों में देखें कर्ज का पूरा ब्योरा *(rajasthan.ndtv.in)* January 2, 2024

राजस्थान पर बढ़े कर्ज पर पूर्व कांग्रेस सरकार का कहना है कि बीजेपी की सरकार ने प्रदेश का कर्ज पहले ही बढ़ा दिया था और ये कर्ज प्रदेश में चल रही योजनाओं के लिए लिया गया है.

राजस्थान में नई सरकार बनने के बाद भजन लाल शर्मा (Bhajan Lal Sharma) राज्य के नए मुख्यमंत्री बने हैं. लेकिन उनके लिए राजस्थान पर बढ़ा कर्जा चुनौती बनने वाली है. बताया जा रहा है कि प्रदेश की पिछली सरकार कांग्रेस की गहलोत सरकार ने मौजूदा वित्तीय वर्ष 2023-24 में पिछले वित्तीय वर्ष 2022-23 की तुलना में करीब 61 प्रतिशत ज्यादा कर्ज लिया है. वहीं, साल 2023 में जुलाई में कर्ज लिया गया जब प्रेदश में चुनाव को लेकर तैयारी शुरू हो गई. हालांकि, पूर्व कांग्रेस सरकार का कहना है कि बीजेपी की सरकार ने प्रदेश का कर्ज पहले ही बढ़ा दिया था और ये कर्ज प्रदेश में चल रही योजनाओं के लिए लिया गया है. लेकिन वर्तमान बीजेपी सरकार का कहना है कि जिस तरह से जनहित योजनाओं के लिए खजाना खोला गया. उससे प्रदेश की आर्थिक हालात खराब होने वाली है.

बता दें, गहलोत सरकार की योजनाओं को लेकर बीजेपी ने आरोप लगाया था कि कांग्रेस चुनावी रेवड़ियां बांट रही है. अब बीजेपी की ओर से कहा जा रहा है कि हालात अभी ये हो गए हैं कि सरकारी अधिकारी-कर्मचारियों को वेतन और पेंशन के अलावा अन्य भुगतान में 1 से 2 महीने तक की देरी हो रही है.

राजस्थान में कर्मचारियों के वेतन पर आफत

विभाग द्वारा बताया जा रहा है कि राजस्थान रोडवेज जैसे निगम में 2-2 महीने से कर्मचारियों को समय पर वेतन तक नहीं मिल पा रही है. सरकारी अधिकारी-कर्मचारियों को वेतन और पेंशन के अलावा अन्य भुगतान में भी देरी हो रही है. राज्य सरकार हर महीने करीब 8500 करोड़ रुपए कर्मचारियों के वेतन के लिए भुगतान करती है. ज्यादातर विभागों में यह भुगतान समय पर हो रहा है. लेकिन कॉर्पोरेशन में भुगतान में दो महीने तक की देरी हो रही है. रिटायरमेंट बेनिफिट्स, जीपीएफ से अग्रिम भुगतान में भी एक से दो महीने की देरी हो रही है. सरकारी सूत्र बताते हैं कि 3 कैटेगरी में सरकार भुगतान कर रही है. 'ए' कैटेगरी में 2 लाख रुपए तक के भुगतान में देरी नहीं है. 'बी' कैटेगरी में 2 से 5 लाख रुपए भुगतान में 1 महीना तक देरी हो रही है. जबकि 'सी' कैटेगरी में 5 लाख से अधिक के भुगतान पर 2 महीने तक की देरी हो रही है. इसी हिसाब से अन्य भुगतानों में भी व्यवस्था होने के कारण देरी हो रही है.

आठ महीने में 44 हजार करोड़ का कर्ज

मौजूदा वित्तीय वर्ष में अशोक गहलोत की पिछली कांग्रेस सरकार ने अपने अंतिम 8 महीने के कार्यकाल में 44,736 करोड़ रुपए से ज्यादा का कर्जा लिया. बजट अनुमानों के मुताबिक मार्च 2024 तक मौजूदा बीजेपी सरकार करीब 18000 करोड़ रुपए तक ही और कर्ज ले सकेगी. राजस्थान सरकार पर कर्ज बढ़ने की रफ्तार यह रही कि नवंबर 2022 में 27542.33 करोड़ रुपए के कर्ज से एक ही साल में 17194.51 करोड़ रुपए कर्ज बढ़कर नवम्बर 2023 में 44736.84 करोड़ रुपए हो गया. राजस्थान का साल 2022-23 में अनुमानित कर्ज 5,16,815 करोड रुपए था. जिसके मार्च 2024 के अंत तक 5,79,781 करोड़ रुपए पहुंचने का अनुमान है.

CAG को बताई गई कर्ज की राशि से अतिरिक्त 10 हजार करोड़

जानकारी के मुताबिक सरकारी उपक्रमों के ज़रिए करीब 10 हज़ार करोड़ रुपए का कर्ज लिया गया. जो CAG को बताई गई कर्ज की राशि के अतिरिक्त लिया गया है. उस राशि को भी सरकार पीडी खाते में जमा करवाती आई है और उसका नियंत्रण भी राज्य सरकार के ही हाथों में ही रहता है. जिससे सरकार सार्वजनिक उपक्रमों को राशि देती है.

बीजेपी ने पिछली गहलोत सरकार पर वित्तीय कुप्रबंधन करने और प्रदेश को कर्ज के बोझ में डालने के आरोप लगाए हैं. वरिष्ठ बीजेपी नेता नारायण पंचारिया ने दावा किया है कि बीजेपी की भजनलाल सरकार विपरीत हालातों के बावजूद मेनिफेस्टो भी पूरा करेगी और प्रदेश की आर्थिक हालात सुधारने के लिए भी कदम उठाएगी. दूसरी ओर कांग्रेस नेता राधेश्याम दायमा ने पूर्ववर्ती बीजेपी सरकार पर कर्ज छोड़कर जाने की बात कही और कहा कि गहलोत ने जनहित की योजनाएं दीं. इसलिए कर्ज लेना स्वाभाविक था और कर्ज निर्धारित सीमा में ही लिया गया. इसमें कुछ गलत नहीं. https://rajasthan.ndtv.in/rajasthan-news/increased-debt-on-rajasthan-will-be-a-challenge-for-bhajan-lal-government-see-complete-details-of-debt-in-figures-4787119

5. कर्नाटक हाईकोर्ट: कॉन्ट्रैक्ट पीरियड के लिए भी ग्रेच्युटी का भुगतान करना अनिवार्य *(etvbharat.com)* 02 Jan 2024

Karnataka HC gratuity: **कर्नाटक हाईकोर्ट ने ग्रेच्युटी भुगतान से जुड़े एक मामले में शिक्षक के पक्ष में फैसला सुनाया है. हाईकोर्ट ने कहा कि स्टाफ के कॉन्ट्रैक्ट पीरियड के लिए भी ग्रेच्युटी का भुगतान करना अनिवार्य है.**

बेंगलुरु: कर्नाटक के मांड्या जिलेमें एक शिक्षक के ग्रेच्युटी संबंधी मामले में हाईकोर्ट ने शिक्षक के पक्ष में फैसला सुनाया है. हाईकोर्ट ने अपने फैसले में साफ किया कि ग्रेच्युटी कॉन्ट्रैक्ट और परमानेंट दोनों सेवाओं में लागू होता है. ग्रेच्युटी एक्ट के मुताबिक जो लोग किसी भी संस्थान में काम करते हैं, उन्हें स्टाफ कहा जाता है.

मांड्या जिले के नागमंगला तालुक के सेवानिवृत्त सरकारी स्कूल शिक्षक बसवे गौड़ा द्वारा दायर याचिका पर सुनवाई करने वाले न्यायमूर्ति एम. नागाप्रसन्ना की अध्यक्षता वाली पीठ ने यह आदेश दिया. कर्नाटक उच्च न्यायालय ने आदेश दिया है कि अगर कर्मचारी की सेवा स्थायी होने के एक दिन पहले वह कॉन्ट्रैक्ट के आधार पर काम कर रहा है, तो सरकार को उस अवधि के लिए भी ग्रेच्युटी का भुगतान करना चाहिए. ग्रेच्युटी एक्ट मेंकॉन्ट्रैक्ट और परमानेंट सर्विस जैसी कोई चीज नहीं है.

ग्रेच्युटी भुगतान अधिनियम 1972 के अनुसार स्थायी सरकारी कर्मचारियों और अनुबंध कर्मचारियों के बीच ग्रेच्युटी के भुगतान में कोई अंतर नहीं है. इसलिए आवेदक जो 75 वर्षीय सेवानिवृत्त सरकारी

कर्मचारी है, उन्हेंचार सप्ताह में बकाया ग्रेच्युटी राशि का भुगतान किया जाना चाहिए. सुप्रीम कोर्ट ने कई मामलों में माना हैकि ग्रेच्युटी भुगतान अधिनियम के प्रावधान हमेशा नियुक्ति और सेवा शर्तों के प्रावधानों से असंगत होते हैं.

इसलिए कोर्ट ने कहा कि सरकार को ग्रेच्युटी देनी होगी. आवेदक को चार सप्ताह के भीतर 50,000 रुपयेकी मुकदमे बाजी लागत सहित कुल 2.44 लाख रुपयेका भुगतान किया जाना चाहिए. देरी होने पर सरकार को सूचित कर प्रतिदिन एक हजार रुपये अतिरिक्त भुगतान करनेका आदेश दिया गया है.

क्या है मामला?:

याचिकाकर्ता दैनिक अनुबंध के आधार पर मांड्या जिलेके जी.मल्लीगेरे सरकारी हाई स्कूल में ग्रेड डी कर्मचारी के रूप मेंकार्यरत था. सरकार ने 1990 में उनकी सेवा नियमित कर उन्हेंशिक्षक का पद दिया था और 2013 में वे सेवा सेसेवानिवृत्त हो गए. इस बीच सरकार ने उनकी सेवा की तारीख से 1990 से 2013 तक की अवधि के लिए केवल 1.92 लाख रुपयेग्रेच्युटी का भुगतान किया था और 19 साल तक दैनिक अनुबंध के आधार पर काम करनेके लिए ग्रेच्युटी का भुगतान करनेसे इनकार कर दिया था. इस पर सवाल उठातेहुए याचिकाकर्ता ने सीएजी (CAG) से शिकायत की. सीएजी (CAG) ने 2015 में उस अवधि सहित कुल 2.44 लाख रुपयेका ग्रेच्युटी भुगतान का आदेश दिया. हालांकि जब सरकार द्वारा भुगतान नहीं किया गया तो उन्होंनेहाई कोर्ट का दरवाजा खटखटाया.
https://www.etvbharat.com/hindi/delhi/bharat/it-is-mandatory-to-pay-gratuity-for-day-contract-period-before-service-becomes-permanent-karnataka-high-court/na20240102141104336336034

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. India's fiscal deficit target: Staying in the lane *(indianexpress.com)* January 3, 2024

Healthy tax collections, lower spending, could ensure that government adheres to the target

Notwithstanding the sharp monthly fluctuations, the Union government's tax collections continue to grow at a fairly robust pace. Data released recently by the Controller General of Accounts shows that in the first eight months of the ongoing financial year, April-November, the Centre's gross tax revenues grew at a healthy pace of 14.7 per cent. This is higher than the growth factored in for the full year in the Union budget. While, on the other hand, government spending is also marginally higher than its budget projections, at the current juncture, based on these trends, most analysts do not expect the government to breach its fiscal deficit
target for the year.

On the revenue side, direct tax collections continue to grow at a fairly brisk pace. At the end of November, collections were up almost 25 per cent, with healthy growth in both corporate and personal income tax collections. However, indirect tax collections have been subdued, in part, due to lower excise duty collections.

Alongside, data released on Monday shows that GST collections grew at the slowest pace in three months in December, though it is possible that collections in the previous months did receive a boost due to the festive season. So far this year, GST collections have averaged Rs 1.66 lakh crore per month, up from roughly Rs 1.5 lakh crore over the same period in 2023. And while non-tax collections have been healthy, shored up by the higher than budgeted transfer from the RBI, disinvestment proceeds continue to disappoint. As against a target of Rs 61,000 crore, collections have so far touched only Rs 10,051 crore. Based on these trends, there are expectations that direct tax collections will comfortably surpass the budget targets, and possibly offset the lower than expected excise duty collections and disinvestment proceeds.

On the expenditure side, the pace of central government capex has slowed down in the last few months, even as, for the year so far, it is up roughly 31 per cent. With elections approaching, and the model code of conduct likely to be imposed in the next quarter, there is a likelihood of the government not meeting its capex target for the year. There is also a concern that slower nominal GDP growth — the economy grew at 8.6 per cent in the first half of the year, as against the budget estimate of 10.5 per cent — could imply a marginally higher fiscal deficit ratio. However, in absolute terms, for now, a breach of the deficit target does not seem to be on the cards. https://indianexpress.com/article/opinion/editorials/staying-in-the-lane-9092475/

7. Finance ministry gives leeway to departments on big spendings

(financialexpress.com) January 3, 2024

The guidelines also mandate that the release of Rs 500 crore and Rs 2,000 crore are to be made during the 21st and 25th of a month to take advantage of GST collections

To accelerate public spending in the last quarter of the current fiscal, the finance ministry has relaxed cash management guidelines to allow departments and ministries to release Rs 500 crore or more in schemes without any restrictions.

According to extant cash management guidelines, ministries must attune bulk expenditure items to monthly GST collections and quarterly advance tax payments for smooth exchequer control.

The guidelines also mandate that the release of Rs 500 crore and Rs 2,000 crore are to be made during the 21st and 25th of a month to take advantage of GST collections. Similarly, bulk expenditures over Rs 2,000 crore are to be released from the 17th to the 25th of the last month of a quarter to utilise direct advance tax receipts.

Also, prior permission from the budget division is required for any single payment under a scheme over Rs 5,000 crore.

To provide a fillip to capital expenditure, it has been decided to remove all these restrictions, the Department of Economic Affairs said in an office memorandum dated December 29.

“Financial Advisers (FAs) shall monitor the releases to ensure that there is no idle parking of funds at any level and the funds are released on a just-in-time basis,” according to the memorandum.

The latest advisory to departments assumes importance as the government would likely switch to election mode after the presentation of the Union Budget on February 1.

Till November of the current fiscal, the Centre's capex has reached 58.5% compared with 59.6% in the year-ago period. Similarly, Revenue expenditure has reached 59% of the FY24 budget estimate compared with 62.5% of the relevant target in the previous fiscal. https://www.financialexpress.com/policy/economy-finance-ministry-gives-leeway-to-departments-on-big-spendings-3353582/

8. Widening of tax base, enforcement measures behind high tax buoyancy in H1FY24 *(financialexpress.com)* January 3, 2024

Multi-year-high tax buoyancy recorded in the first half of FY24 by the Centre raise questions about how much of the spurt is attributable to higher revenue productivity, and the use of the implicit price deflator.

Statistically, the buoyancy of a tax system gauges the overall responsiveness of tax revenue to variations in the GDP, and deliberate adjustments in tax policies over time. Policymakers have traditionally interpreted it as the percentage variation in revenue linked to a one percent change in GDP growth in nominal terms.

The ratio is significant, as typically if the tax buoyancy is below 1, it denotes the government would resort to raising revenue through other means – either non-tax revenue or market borrowing. Generally, over the longer run, it's expected that tax buoyancy is equal to one.

"If the tax buoyancy is 1 (that's if the nominal GDP and tax collections both grow at the same pace), it means that the tax system is efficient as generating revenue in parallel to the growth being generated," said DK Pant, chief economist, India Ratings and Research.

"But if it grows beyond 1 consistently for two-three years, then it means, those taxpayers who were not a part of the tax net before have been brought in it, and the tax base has widened," he said.

In H1 FY24, the tax buoyancy was at 1.9 – which is the highest recorded in the past six years, barring FY22 when it was 2.6 due to low base, but this is also partly due to the lower nominal GDP growth, which was depressed on account of negative WPI (wholesale price index) prints in the first half. In H1, gross tax collections, net of refunds, grew 16.3% year-on-year. And GDP, in nominal terms, grew by 8.6%.

However, even if nominal GDP had grown 11% during H1, tax buoyancy in April-September would be 1.5 – indicating that the sharp rise in collections is largely a result of structural changes in the tax administration.

"Higher tax collections is due to a combination of higher growth, inflation and compliance cum enforcement measures," said Madan Sabnavis, chief economist, Bank of Baroda. "We have seen better corporate profits this year so far which will manifest in higher tax collections."

Nabin Ballodia, Partner – Tax & Regulatory Services, BDO India said: "The use of technology and data collection by the revenue authorities have resulted in cross verification of economic transactions on a seamless basis and identifying revenue leakages. Online filing of GST returns and cross matching of input credits have induced even small businesses to move from the parallel economy to mainstream."

The Budget has pegged nominal GDP to grow 10.8% in FY24, but economists have pegged the growth rate around 9-9.5%. The nominal GDP in H2 will likely grow at a higher pace as compared to H1, as the WPI is expected to stay inflationary in the second half.

Therefore, since nominal GDP growth in H2 is likely to be higher, while tax collections is expected to slow down – the tax buoyancy of 1.9 recorded in H1 is unlikely to sustain for the full year.

In April-September, gross tax collections had grown 16.3% year-on-year, while in October-November, the growth slowed to 8.7%. Also, since this year, the advance tax collections in H1 (up to September 16, 2023) were up 21% higher on year – a spurt in collections and subsequently buoyancy was witnessed during the period.

Going forward, experts say tax buoyancy of current levels may sustain to an extent in the upcoming financial year as well, notwithstanding some challenges to real GDP growth.

"Economic conditions, global factors, and unforeseen events can influence tax revenues. However, if the government continues to focus on effective enforcement measures, tax compliance, and implements policies that support economic growth, there is a possibility that the positive trend may continue," said Swatantra Bhatia, Partner, Mazars in India.

BDO's Ballodia says that there is a scope for rationalisation in the corporate and personal income tax rates in the upcoming interim Budget. "This would not only attract foreign investors but would also propel local population to move towards tax compliance as non-compliance would increasing become less attractive," he said. https://www.financialexpress.com/policy/economy-widening-of-tax-base-enforcement-measures-behind-high-tax-buoyancy-in-h1fy24-3353529/

9. AT&C losses in power sector down to 15.41%: Govt *(republicworld.com)* January 3, 2024

The aggregate technical and commercial losses (AT&C) losses of distribution companies (DISCOMs) have declined from 25.7 per cent in FY15 to 15.41 per cent in FY23, the government data showed on Tuesday, the Ministry of Power and Renewable Energy said in their year-end release. The reduction in AT&C losses is because of the RDSS reforms carried out by the government.

For a long time, reducing losses has been the main target of the central and all state governments. And in a bid to reduce losses, a lot of measures have been taken in the past. "Putting in place Rules to ensure payment for any subsidy declared by the Government in time, ensuring that the tariffs are up to date, reducing the legacy dues of GENCOs under Late Payment Surcharge are some of the measures taken by the government," Minister of Power and Renewable Energy RK Singh added while replying in the winter session of the parliament.

According to Singh, putting in place revised prudential norms provides that no DISCOM or GENCO of a state government will be able to get loans from PFC and REC if the DISOM is making a loss, unless the DISCOM, with the approval of the State Government.

"As a result of the measures taken, the availability of power supply in rural areas has increased from 12.5 hours in 2015 to 20.6 hours in 2023. The power supply in urban areas will increase to 23.78 hours in 2023," Singh said. https://www.republicworld.com/economy/infrastructure/atc-losses-in-power-sector-down-to-1541-govt/

10. Power-packed move: Discoms surely need more of the same medicine, but under stricter monitoring *(financialexpress.com)* January 3, 2024

What makes RDSS different is that, unlike during the previous schemes, a higher amount of payment discipline has been enforced among state governments and the discoms.

The government's plan to extend the capital support scheme for electricity distribution utilities' (discoms) network investments by five years from the current deadline of FY26 is sensible. The ongoing Rs 3-trillion revamped distribution sector scheme FY22-FY26 (RDSS) involves lending by PFC-REC under irrevocable state government guarantees, and the Centre's gross budgetary support of `97,631 crore, all expected to crowd in more funds, including by equipment manufacturers. The extension could mean a doubling of the funding support in real terms. According to official data, PFC-REC has so far released loans of over Rs 1.12 trillion under the scheme, with smart-metering and other steps to slash technical losses, training and capacity-building being the most capital-intensive elements of the massive plan for systems upgrade.

Scepticism about the efforts to salvage the loss-making/debt-ridden state-run discoms stems from the mediocre outcomes of the several historical schemes (there have been three in the last two decades alone namely Financial Restructuring Plan-2012, UDAY-2016 and the RDSS). The closure of the earlier schemes led to quick relapses of the discoms' operational and financial inefficiencies, undermining their efficacy. However, the RDSS that is currently under way is moving in the right direction. If it is yet to show much results on the ground in terms of infrastructure creation, it is only because project awards and execution are still to gather pace. With tendering of over 200 million prepaid smart consumer meters, several millions of smart-DT and tens of thousands of feeder meters, the domestic manufacturing ecosystem for these machines is fast developing.

What makes RDSS different is that, unlike during the previous schemes, a higher amount of payment discipline has been enforced among state governments and the discoms. The pre-qualification norms for the RDSS funds are strictly being adhered to, leaving little room for the recipients to go wayward again. Also, "transitional financing" under the RDSS is not simply refinancing of debt, but involves substantial fresh capex deployment. To be sure, the scheme is not in isolation, but has the support of a robust policy ecosystem. Extra borrowing over the customary fiscal deficit limit of 0.5% G-SDP have been available to states since FY22 subject to the rider of power-sector reforms, including cost-reflective tariffs. This and Letter of Credit for payment security under power purchase agreements are among the supportive policies being run concurrently with RDSS. At the root of the payment problem was the failure of state governments—in fact, a few of them—to pay the subsidies meant for consumer segments like farmers and households on time. With the threat of severance from the grid looming under a Central diktat, such fecklessness is on the wane.

Reducing the cross-subsidy burden on the industry is a vital element of India's striving to become a low-cost economy, but while this process will require to be calibrated, one-time, responsible public investments would help address the financial woes of the electricity sector to a large extent, via technical means. Achieving the RDSS goals of bringing the discoms' aggregate technical & commercial down to 12%, and eliminating the average gap between cost of supply and revenue realised, would help the distribution utilities stand on their feet. Healthier discoms and robust payment streams would catalyse the much-needed investment cycle in the power sector. Government spending on the required supportive infrastructure with strict vigil on the use of the funds is an efficient way of using public resources. https://www.financialexpress.com/opinion/power-packed-move-discoms-surely-need-more-of-the-same-medicine-but-under-stricter-monitoring/3353574/

11. India's statistical system: Past, present, future *(hindustantimes.com)* 03 Jan 2024

The statistical system of a country acts as its mirror. It generates the statistics that allow observers to see how well a country is performing on key socioeconomic parameters such as per capita income, inflation, poverty, life expectancy, and average years of schooling. In most countries, a single agency or a handful of agencies produce the bulk of official statistics. The work of these and other peripheral agencies is typically regulated by a national statistical office that ensures statistical standards are in line with international norms. The statistical system provides citizens an impartial view of the state of their country's progress. It enables policymakers and investors to make informed decisions.

India's official statistical system, as we know it today, began taking shape during the British Raj (1858–1947). Colonial efforts to develop the statistical system were driven by an imperative to track a key market for English products; hence, trade statistics were much more well-developed compared to statistics on domestic economic production or socioeconomic development. Several official committees suggested reforms to correct the lopsided development of the official statistical system in British India, but most of their recommendations weren't implemented.

It was only after India's independence in 1947 that a serious effort was made to revamp India's statistical infrastructure. The globally renowned statistician PC Mahalanobis led this drive and was backed by Jawaharlal Nehru, India's first prime minister. The Mahalanobis model of data collection relied largely on random sampling and inspired similar initiatives elsewhere in the developing world.

With Mahalanobis's death in 1972, India's statistical system lost a powerful champion who had ensured its relevance without compromising its autonomy. Other changes in the post-Mahalanobis era diminished the statistical system. Growing insularity, the lack of investments in computing resources, and the declining influence of the Planning Commission (which had earlier been a pillar of support for statisticians) eroded the statistical system's effectiveness over time.

By the turn of the 20th century, India's statistical crisis had become too severe to be ignored. In early 2000, the central government appointed a high-level commission led by the former central banker C Rangarajan to review the statistical system and suggest ways to improve it. Some of the commission's recommendations were implemented but only in a half-hearted manner.

The modest reforms initiated in the wake of the Rangarajan commission's recommendations failed to address the deep-rooted crisis the system faced. The development of the statistical system remained stunted, impacting the credibility of data releases.

Meanwhile, the political pressures on the statistical system grew as data assumed a major role in public discourse. A weakened statistical system failed to assert its autonomy in the face of such pressures. The past decade has seen a number of statistical controversies even as the statistical system struggled to reform itself.

Today, India's statistical system faces a major crisis. Producers and users of official statistics have stated that the lack of a clear road map to address this crisis worries them as much as the crisis itself.

This paper argues that a Statistical Reforms Commission should be set up to address the roots of India's statistical crisis. The proposed commission must outline the legal framework that would underpin a revamped statistical authority. In addition, this commission should frame a new statistical architecture that is able to meet the emerging needs of data users. It should prepare a national statistical strategy document after taking into account the concerns of all key stakeholders.

Without wholehearted reforms, India's statistical system will fail to deliver the kind of high-quality, high-frequency datasets that Indian citizens, policymakers, and investors expect from it today. https://www.hindustantimes.com/ht-insight/economy/indias-statistical-system-past-present-future-101704264127606.html

12. Pessimism about India's public debt is overdone *(financialexpress.com)* January 3, 2024

"Once there is clarity that the realistic long-term growth rate is 6.5% or so, many things fall into place".

A strong pick-up in private investment is yet to materialise, and the desirable overall investment rate of 35% is still "some distance away", says TT Ram Mohan, member, Prime Minister's Economic Advisory Council. In an interview with Priyansh Verma, Mohan says that India's economy in FY25 will grow at a slower rate than the projected 7% in the current fiscal. "It may be appealing to talk of taking our growth rate to 8% but such talk will not take us anywhere," he notes. On RBI's monetary policy, Mohan says that India is not in a position to sacrifice growth in order to reach the 4% inflation target in the short-term.

How has the economy performed in the current year?
It has done better than expectations. Most people had expected GDP growth (in FY24) in the range of 6-6.5%. It appears we will end up closer to 7%. That is a commendable achievement in a difficult global environment. At the same time, we must note that some of the growth- as in manufacturing and mining- is on a low base. Contact-intensive services are continuing the strong revival post the pandemic. Overall, jubilation over the Indian economy's growth rates in the past three years must be tempered by the realisation that these are based on the decline in GDP in the pandemic year of FY21.

What challenges lie ahead for India in 2024?
The global environment will remain challenging for some time to come. The IMF expects global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. These forecasts are below the historical (2000–19) average of 3.8%. The medium-term growth forecast of 3.1% for the global economy is the lowest in decades. Oil prices have been moving up in recent months as Russia has found ways to circumvent the oil price cap of $60 imposed by NATO and the EU. Then, we have the prospect of the conflict in Gaza turning into a regional war. Thanks to global factors, we must expect growth in FY25 to slow down from the 7% growth that the RBI projects for FY24.

In the Indian economy itself, we must note that investment has been driven significantly by government capital expenditure. A strong pick-up in private investment is yet to materialise. The desirable total investment rate of 35% of GDP is still some distance away. The Chief Economic Advisor has said that a growth rate of 6.5% in the coming decade is a realistic target. That is a fair assessment. We must be careful not to fall into the trap of believing that there is some special set of reforms that will magically boost GDP growth. Economic policy must factor in many elements- macroeconomic stability and financial stability for sure, but also political stability or feasibility and considerations of national sovereignty and preserving our freedom of action. It may be appealing to talk of taking our growth rate to 8% but such talk will not take us anywhere.

IMF has pointed India's debt to GDP ratio may surpass 100% by FY28 in a worst case scenario. How serious is this issue?
Well, you can always create scenarios of extreme stress under which the debt to GDP ratio crosses 100 %. The fact of the matter, however, is that, over a long period and despite the major shock of Covid, India's debt to GDP ratio has trended downwards. The crucial factor determining the debt to GDP trajectory is the differential between the growth rate and the interest rate. That differential has tended to remain favourable over long periods. Pessimism about India's public debt is thus overdone. And one is not even getting into issues such as the composition of public debt and the low proportion of external debt.

What is your assessment of RBI's handling of monetary policy?
The RBI has been remarkably astute in its conduct of monetary policy. It has done a very good job of balancing growth and inflation considerations. In deciding interest rates, we have to take into account the trends abroad and especially in the US. Too large

a differential with respect to the Fed rate will lead to volatility in the movements of portfolio flows and hence in the exchange rate of the rupee with respect to the dollar. The RBI's stance has taken that into account. The RBI has of late talked of moving inflation to 4 %. That has always been the long-term target. Whether the RBI should focus on 4 % in the short-term can be debated. I do not believe that we are in a position to sacrifice growth in order to reach that target in the near term.

Are their structural reforms that the government needs to bring in to achieve $5 trillion GDP by 2027?
You have to tell me what structural reforms you have in mind. There is incessant talk of the "unfinished agenda" of reforms- amendments to labour laws, simplifying land acquisition, reform of farm laws and "big bang" privatisation. There must be an acceptance of the limits that our political and economic system imposes on the pursuit of such measures. Once there is clarity that the realistic long-term growth rate is 6. 5 % or so, many things fall into place.

What should be the major focus points in the upcoming Budget?
What is coming up is an Interim Budget. The finance minister has been quoted as saying that one should not expect anything 'spectacular' in it. That is adequate guidance. https://www.financialexpress.com/policy/economy-pessimism-about-indias-public-debt-is-overdone-3353548/

13. **Could AI help find valuable mineral deposits?** *(livemint.com)* 03 Jan 2024

The future is electric. That means it will need a lot of batteries, motors and wires. That, in turn, means a lot of cobalt, copper, lithium and nickel with which to build them. Great times, then, for prospectors, and particularly for any who think they can increase the efficiency of their profession. Several firms are applying artificial intelligence (AI) to the process, both to improve the odds of surface strikes and to detect underground ore bodies that are invisible to current techniques.

KoBold Metals in Berkeley, California, Earth AI in San Francisco and VerAI in Boston are tiddlers at the moment, as are SensOre, in Melbourne and OreFox, in Brisbane. But at least one bigger fish—Rio Tinto, an Australian-British firm—is also keen. They are garnering reams of geological, geochemical and geophysical data to feed to software models. These, they hope, will spot patterns and draw inferences about where to sink new mines.

Some of the data are new. But a lot once mouldered in the archives of national geological surveys, journals of geology and other historical repositories—or, in the case of Rio Tinto, which has been operating for 150 years, sat in the form of rock cores in various sheds around the world.

Kobolds were mythical underground sprites that bedevilled miners in medieval Germany. (They also gave their name to cobalt.) Kurt House, KoBold's boss, hopes some of their magic will rub off. His firm has reformatted archive data from around the world, many of which are on paper and some of which go back to the 19th century, into machine-useable form. That has permitted it to build maps of areas of interest all over Earth's surface.

Some of those maps are used to train the company's AI models. Others are used to test that software's effectiveness by checking how good it is at predicting known ore deposits on maps it has not previously seen. If it passes, it can be let loose on under-explored places of interest, generating leads for KoBold's geologists.

Earth AI, led by Roman Teslyuk, SensOre, led by Richard Taylor, and OreFox, led by Warwick Anderson, have taken similar approaches, but have concentrated on Australia, which has particularly rich public geological records. VerAI, led by Yair Frastai, focuses on the western bits of North and South America, home to eight of the world's ten biggest copper mines.

Dr House is especially proud of his AI's ability to predict the shapes and distributions of subterranean plutonic intrusions. These are bodies of igneous rock, often ore-bearing, that have risen as liquid magma from Earth's interior but solidified before they reached the surface. They can be detected from the surface via magnetic anomalies which suggest that a particular group of rocks formed at a different time from its surroundings, a standard practice in the industry. But KoBold's AI is able to make more accurate predictions of the shapes of these intrusions, and so suggest the most effective places to drill.

And with success. Last year, KoBold announced its discovery of a rich deposit of chalcocite, a sulphide of copper, in Zambia. Earth AI, meanwhile, has to its credit a big find of molybdenum (an important component of specialist steels) in New South Wales. VerAI has found ore containing copper, gold and silver in Chile and Peru. SensOre has found a large source of lithium in Western Australia. And OreFox's technology has turned up a potential gold mine in Victoria, plus several promising copper prospects.

Rio Tinto is building what Russell Eley, its head of exploration data science, calls a "virtual core shed". This will bring together details of the many rock-core samples the firm has collected over the years. Software will then search these for patterns that will assist the interpretation of new cores, and tell geologists the best places to drill next.

Dr House observes that 99% of exploration projects fail to turn into actual mines. AI therefore has plenty of room to improve things. It may also help with a more subtle problem. By greatly expanding the volume of rock which can be searched, it will enable new strikes in familiar, well-governed countries, lessening the need to rely on what Mr Taylor diplomatically calls "exotic jurisdictions" for future supplies. https://www.livemint.com/ai/could-ai-help-find-valuable-mineral-deposits-11704260372469.html

14. Storm water drains, a colossal mess *(dtnext.in)* Jan 3, 2024

Shoddy construction and incomplete linking process of the storm water drains led to flooding in the city, allege residents and civic activists of Ernavoor, Perambur and Pattalam

CHENNAI: The scale of destruction left by Cyclone Michaung in December 2023 is incalculable. Denizens are still reeling from the loss and damages caused by the cyclone-induced flooding, as the storm water drains (SWDs), supposedly built anew, and repaired, at an estimated Rs 2,000 crore, failed to do the job.

When DT Next visited the neighbourhoods that were adversely affected, residents lamented over the incomplete SWDs and their missing links, and the lethargic and lackadaisical attitude of civic body officials in addressing their concerns. Though the State government had enough time to plan for the cyclone and prevent inundation, the system failed them.

Ernavoor

The SWD construction that began two years ago at Adi Dravidar Colony lasted only for a month. The works were stopped and the drains were not closed properly. The SWDs are now clogged with plastic waste, garbage and sewage, which has increased mosquito menace in the area, leading to several health problems. Due to shortage in manpower, the SWD construction from School Road to the colony was stopped a while back. “The civic body carried out the work only for a month and closed it for no reason after 100 metres.

When the ward councillor and residents intervened, zonal officials admitted to lack of skilled labourers as the reason. It has been over two years and the works have not been resumed,” explained K Venkataiya, a civic activist and resident of Ernavoor. The SWDs have been left open in every corner of the street and pose a safety threat to the public.

Additionally, the recent oil spill in Ennore has worsened the situation, as the oil has stagnated in the under-construction SWD in the locality. Residents lament that it would take several months for the local body to remove the oil and resume construction work.

R Vignesh, another resident, elaborated: “If the Corporation had completed the SWD work, it would have prevented inundation during the recent monsoon spells. Though multiple complaints were raised to the civic body, our issues continue to be neglected. We suffer during every monsoon season and no permanent solution is provided by the government. Unless the Corporation completes the SWD work before the onset of the next northeast monsoon, flooding is inevitable.”

Pattalam

Perambur Barracks Road in Pattalam is one of the worst affected areas in the cyclone-induced flood in December, where the flood water was over 4 feet deep forcing residents to stay indoors. It took a week for the water to drain and the situation to return to normal, as residents pointed out that the SWD was constructed only for a few metres.

Though they were linked through pipes, they are not wide enough to carry enough excess water, which led to chest-level flooding on the area. V Sathiabalan, a social activist, stated the SWD constructed at Dr Ambedkar Nagar Road and Barracks Gate Road was yet to be completed. “The chambers are not closed and pose a threat to the public. Though SWDs were constructed in the area, they didn’t prevent rainwater stagnation,” he added.

“The Corporation workers had to use motor pumps to drain out the water. Why should the government spend crores of money on nonfunctional SWDs?” Instead of constructing the SWDs with good quality material that the Corporation had laid pipes that wouldn’t sustain heavy rains, especially during the monsoon season, alleged Vijayakumar, a resident of Demellows Road.

"Also, the chambers are left open by the contractor. Motorists, pedestrians and drunkards have met with accidents because of that," he stated. Despite complaints raised with zonal assistant engineers, there have been no steps taken till now.

Fed-up with the civic body's dismissive attitude to the concerns in the locality, residents and shop keepers in the locality filled the pit with stones and closed it with a plywood to prevent mishaps. The chambers are now filled with garbage and plastic waste, which interrupts water flow through the drains.

Perambur

In the name of desilting storm water drains at Perambur, the Corporation cut the drains in between and carried out shoddy works, which led to flooding. In 2022, the SWD was cut open in a few places in the area, desilted and closed with slabs.

"We hoped that the desilted SWD would help to prevent stagnation on the streets but nothing has changed. Our area gets flooded during every monsoon season. This makes us believe that the entire exercise was a futile attempt and a scam," fumed C Raghukumar of Perambur Neighbourhood Development Forum.

Since the GCC has no proper mechanism to oversee the work being executed by SWD contractors, shoddy construction, and lack of a uniform design and third-party audit will cost the exchequer dearly, opined residents. The SWDs that were cut open were closed with poor quality materials, posing a safety risk to pedestrians.

Residents told DT Next about the sewage tankers that dispose of the drainage water into SWDs. "Though the civic authorities are aware of such incidents, no actions have been taken to prevent it," rued a shopkeeper in the area. "Because of shoddy desilting work before the monsoon, the drains in the main road are in bad shape. Those who are new to the area won't be aware of the half-open pits and may fall in it. The Corporation should, at least, complete the work properly before the next monsoon."

Mayor says

The SWDs under the priority list have been efficient during the recent heavy rainfall in the city, said Mayor R Priya. "Usually, it would take at least 5 days for the stagnated rainwater to drain. But, this time within 24 hours, it was cleared because of the existing SWDs and motor pumps," she added.

An estimated cost of Rs 4,000 crore was allocated for SWDs from KfW and World Asian Bank funds. The work that began under Phase two will resume from January 2024.

"Even this year, we were able to tackle the situation and within hours the rainwater drained out," said the Mayor, who also explained that the SWDs have been constructed where 25-35 cm of excess water would flow.

The city has received 40 cm of rainfall which is above the capacity of SWD. Also, the city canals reached the maximum storage level due to heavy rainfall, the prior reason for inundation.

“The flooding situation in north Chennai led to increased water flow in Puzhal. New SWDs in southern parts of the city will commence in January and are expected to be completed by 2025. It was delayed due to the CRZ clearance from the concerned department. The funding of Rs 700 crore has been sought from KfW,” added the Mayor.
https://www.dtnext.in/news/city/storm-water-drains-a-colossal-mess-758487?infinitescroll=1