

NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Using AI for audit techniques (*thehindu.com*) October 04, 2023

The Supreme Audit Institutions G20 conference emphasised the need for a common international audit framework relating to AI.

The Comptroller and Auditor General of India (CAG), Girish Chandra Murmu, who is the chair for the Supreme Audit Institutions (SAIs) of the G20, warned that absolute dependence on Artificial Intelligence (AI) for auditing purposes may lead to inaccurate findings, and emphasised ethics as the cornerstone of responsible AI. The CAG conducts financial audits, compliance audits, and performance audits. The auditing challenges of AI include ensuring transparency, objectivity, fairness, and avoiding bias.

Responsible AI must be ethical and inclusive. Only ethical AI can add credibility, trust, and scalability to the CAG audit. Data sets must be complete, gathered on time, accurate, available, and relevant. If integrity of the data fields is not ensured, we will have inaccurate audit findings. The AI auditor must be extra-vigilant about the risk of inherent AI data bias if data are taken from unauthorised sources like social media, where data manipulation and fabrication are common.

India needs AI regulation

In June, the European Parliament approved the EU AI Act, the first of its kind in the world. The Act ensures that generative AI tools such as ChatGPT will be placed under greater restrictions and scrutiny. Developers will have to submit their systems for review and approval before releasing them commercially. Parliament also prohibited real-time biometric surveillance from all public settings and “social scoring” systems.

Ensuring the accuracy of vast Internet data mines is a challenge. The content generated by AI systems may lead to potential copyright infringement issues, violating intellectual property rights. Addressing legal implications relating to content ownership is a formidable task. AI bias is an inherent risk originating from the human bias that is added to the data sets of machine learning. Elon Musk wants to address these concerns by developing ‘Truth GPT’, a “maximum truth-seeking AI”. His vision of a harmonious fusion of technological progress and ethical considerations poses significant challenges. A multifaceted approach may be required to mitigate bias and ensure the safety and accuracy of AI models. U.K. Prime Minister Rishi Sunak said that he wants to make the U.K. the “geographical home” of AI safety regulation. It is time for India also to take a cue from the EU and make appropriate legislation about the use of AI systems.

Challenges before the CAG

The CAG faces many challenges in auditing AI systems. AI regulation and data standardisation are critical. Since the data for various government entities are taken from different sources and stored in multiple divergent platforms, the AI auditor will face enormous risks and challenges. Audits cannot be based on big data from unauthorised sources. Data integration and cross-referencing become cumbersome. The data platforms of all entities must be synchronised through the government’s IT policies. According to the CAG, One Indian Audit and Accounts Department One System, a web-enabled IT application is going to support multiple languages, offline functionality, and a mobile app, enabling complete digitalisation of the audit process

from April 1, 2023, with only one exception, the defence audit, because of security dimensions. The SAI G20 conference emphasised the need for a common international audit framework relating to AI.

At present, auditors can only adopt and adapt existing frameworks and regulations relating to IT. As there are limited precedents for AI use, the national audit institution needs to communicate with all the stakeholders. The existing definitions and taxonomies of AI must be examined to adopt what is legally acceptable. Since there is wide variance among AI systems and solutions, the auditor must adopt an appropriate AI design and architecture while defining the audit's objective, scope, approach, criteria, and methodology. There needs to be capacity building of auditors in varied aspects of the AI technology landscape so that they are familiar with AI frameworks, tools, and software. In the absence of explicit AI auditing guidance, auditors must focus on ethics, use authentic data sources to ensure transparency, address legal concerns, and look at deficiencies in IT controls and governance. AI audit assignments may require consultation with data scientists, data engineers, data architects, programmers, and AI specialists. AI outsourcing to third parties while using cloud computing implies the risk of third parties' having control of the infrastructure. AI domain risks such as big data, machine learning, and cybersecurity must be documented in a risk and control matrix.

Compliance issues

Global organisations have developed many AI auditing frameworks. These include the COBIT framework for AI audit, the US Government Accountability Office framework, and the COSO ERM Framework. The U.K.'s Information Commissioner's Office has published draft guidance on the AI auditing framework. Data Protection Impact Assessments are legally required if organisations use AI systems that process personal data to avoid potential risks. The AI auditor must ensure that personal data is processed in a manner that guarantees appropriate levels of security.

With few frameworks available for auditing AI, auditors can only focus on the risks, controls and governance structures that are in place to determine whether they are operating effectively. <https://www.thehindu.com/opinion/op-ed/using-ai-for-audit-techniques/article67376003.ece>

STATES NEWS ITEMS

2. Fraudulent work orders, axing of 8.59L genuine beneficiaries: CAG finds major loopholes in PMAY implementation in Odisha (odishatv.in) October 4, 2023

As per the CAG annual report, while the Union government has set a target to provide houses to all the people by 2022, as many as 8.59 lakh people in the rural areas of the State have been deprived of getting houses under the PMAY scheme.

The Comptroller and Auditor General of India (CAG) has found major lapses in the implementation of the Pradhan Mantri Awas Yojana (PMAY)-Grameen in Odisha.

As per the CAG annual report, while the Union government has set a target to provide houses to all the people by 2022, as many as 8.59 lakh people in the rural areas of the State have been deprived of getting houses under the PMAY scheme.

“There was exclusion of 8.59 lakh beneficiaries, who had been deemed eligible by the Gram Sabhas, from the Permanent Wait List. There was non-adherence to priority numbers in sanction of houses under PMAY-G and the priority number issued were violated while sanctioning houses in all 24 test checked PSs. Fraudulent work orders were issued and payments were released to nonbeneficiaries,” the CAG stated in its performance audit on implementation of the PMAY-G.

“As 0.41 lakh houses could not be sanctioned, the State would have to bear avoidable financial burden of ₹295 crore. Incomplete houses were shown as completed in Awaas Soft, houses were constructed for commercial purposes, and construction of large size houses were noticed. Beneficiaries were deprived of basic amenities, like drinking water, toilet, electricity, etc., due to failure in converging funds from other relevant schemes. Out of 647 completed houses verified in audit, 347 houses had no toilets, 122 houses had no drinking water facilities, 199 houses had no electricity connection, 291 houses had no LPG provision and 22 houses had no approach road,” the report said.

“There was also irrational provision of wage payment in convergence with MGNREGS, as either full wage components were paid before release of the first installment or wages were not paid even after completion of houses up to the roof level. Apart from the State Nodal Account for PMAY-G, another account in ICICI bank was operated and ₹18.10 crore was irregularly transferred to the account. In 41,146 cases, the first installments were released to the concerned beneficiaries, with delays ranging from 07 to 1,576 days. Out of Administrative funds, ₹7.83 crore had been incurred on inadmissible items. The Awaas Soft data show incorrect information relating to geolocations of the houses in sampled districts as, in 3,521 cases, the houses were shown located outside the State,” it added.

However, no reactions could be obtained from the Odisha government in this regard. <https://odishatv.in/news/odisha/fraudulent-work-orders-axing-of-8-59l-genuine-beneficiaries-cag-finds-major-loopholes-in-pmay-216541>

3. Odisha: CAG Suspects Corruption in Distribution of Scholarship under Direct Benefit Transfer (*freepressjournal.in*) October 4, 2023

The Ministry of Social Justice and Empowerment, in its revised guidelines issued in May 2018, made it mandatory for the inspection of private educational institutions by officials nominated by the district collectors.

The Comptroller and Auditor General of India (CAG) has suspected fraud and corruption in the implementation of the post-matric scholarship (PMS) scheme under direct benefit transfer (DBT) in Odisha.

In its report on the performance audit of the implementation of DBT in payment of PMS to eligible students in the state, which was laid before the state assembly on Tuesday, the CAG said, "Due to the absence of detailed checklist for inspection of private educational institutions, 5,185 beneficiaries of 15 ineligible institutions, had been granted PMS, amounting to Rs 15.79 crore, during financial years 2016-17 to 2016-20."

The Ministry of Social Justice and Empowerment, in its revised guidelines issued in May 2018, made it mandatory for the inspection of private educational institutions by officials nominated by the district collectors.

However, the CAG noted that there was no provision for inspection of private educational institutions, for sanctioning PMS.

Joint physical inspections of 16 institutes, affiliated with the National Council of Vocational Research and Training (NCVRT) and Bharat Sevak Samaj (BSS), were carried out in September and October 2021, by the welfare extension officers (WEOs) and assistant district welfare officers (ADWOs), in the presence of audit officials.

Of the 16 institutes verified during the joint verification, it was found that eight were not in existence and the existence of these institutes could not be ascertained even from the local people, the report said.

"The Prerana (PMS scheme portal) software was also not equipped properly to identify and filter out these ineligible institutes. As a result, PMS, amounting to Rs 15.79 crore, was appropriated by non-existing/ineligible institutes," it said.

The CAG also found that the PMS has been granted to the students, even if they discontinued their studies.

Sakuntala Sudharsan Institute of Technology (SSIT) in Mayurbhanj district was running three-year diploma courses, wherein 1,369 students had taken admissions during 2016-20.

The audit analysed the semester results of the 2016-19 and 2017-20 batches and found that 138 and 142 students, respectively, had not cleared their final examinations and had discontinued their studies. However, they were paid PMS, amounting to Rs 2.36 crore. <https://www.freepressjournal.in/education/odisha-cag-suspects-corruption-in-distribution-of-scholarship-under-direct-benefit-transfer>

4. CAG report reveals poor implementation of DBT for scholarship payments in Odisha (*nationalheraldindia.com, moneylife.in, daijiworld.com, ianslive.in, irshivideos.com*) October 4, 2023

CAG discovered issues with PMS and Medhabruti schemes such as delay in processing and funds going to inactive bank accounts

The Comptroller and Auditor General of India (CAG) has picked holes in the implementation of Direct Benefit Transfer (DBT) in the Post-Matric Scholarship (PMS) and Medhabruti scholarship schemes run by the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare department and the Higher Education department of the Odisha government.

Scholarships are provided to eligible students from ST, SC, OBC and EBC wanting to pursue +2, ITI, +3, post graduation, professional and technical courses, like MBA, MBBS, MCA, Law and M.Tech under the PMS scheme.

Similarly, the 'Medhabruti' scheme was launched by the Higher Education department to provide scholarships to meritorious students whose parental income does not exceed Rs 6 lakh per annum.

The CAG, during the audit, found various discrepancies in the implementation of PMS and Medhabruti schemes such as delay in processing, transfer of scholarship amount to dormant bank accounts.

“The State Advisory Committee (SAC) did not have representation from the National Payments Corporation of India (NPCI). As such, the SAC remained deprived of valuable inputs from NPCI in rolling out DBT successfully,” CAG noted.

Following the request of the state DBT Cell (SDC), the nodal point for all activities and issues related to DBT operations, the NPCI gave its nod for the integration of ‘VLookup web service and status of bank account’ with state DBT portal so that the authorities can identify the latest seeded bank accounts and know whether the bank accounts were active or dormant.

The CAG officials noted that as no follow-up action was taken up by the SDC thereafter, the NPCI services could not be made available in the State DBT portal, as of March 2021.

“It was further noticed that the bank accounts of 2,41,870 out of 3,12,82,316 PMS beneficiaries were not Aadhaar-seeded and both the PMS and Medhabruti were beset with issues related to failed bank transactions, due to dormant/inactive bank accounts and credits into incorrect bank accounts,” CAG claimed.

It also came to the fore that the SDC had organised only one training programme for the officials on the strengthening of the DBT ecosystem in Odisha during 2017-21.

“PRERANA and eMedhabruti management software, were neither interlinked with each other nor were they linked with scholarship portals of other departments (e.g., Banishree of the Social Security and Empowerment of Persons with Disabilities department), due to which applications of the same students, for different scholarships, at the same time, could not be detected. As a result, 11,880 students had been granted both PMS amounting to Rs 6.91 crore and Medhabruti amounting to Rs 6.80 crore during 2017-21,” the CAG remarked.

The CAG also found that some nursing students have got scholarships under both National Health Mission and the PMS scheme of the state government in Jharsuguda, Kalahandi and Mayurbhanj. Similarly, as many as 973 students registered in the PRERANA software, showing them as students of different courses from different institutes, have been paid Rs 2.43 crore under the PMS scheme.

“In four sampled districts, 1,668 students, who pursued different courses later, but of the same stage (e.g., Intermediate of Arts after Intermediate of Science), had been granted PMS, amounting to Rs 3.71 crore, during 2017-20,” the audit found.

The principals of many educational institutions have not properly verified the data like the income certificate, resident certificate, mark sheet, bank details and Aadhaar numbers submitted by the applicants for scholarships in 1,466 out of 97,810 cases audited by the CAG.

Besides, the DBT Cell and the SSD department didn't use data available through the Socio Economic and Caste Census, 2011 for the identification of the eligible students and the Student Academic Management System (SAMS) data to trace the students who failed to apply for the scholarship under the PMS scheme. So, the state witnessed a decrease by 19 per cent in the number of applicants under the PMS from 5.51 lakh in 2017-18 to 4.47 lakh in 2020-21. <https://www.nationalheraldindia.com/national/cag-report-reveals-poor-implementation-of-dbt-for-scholarship-payments-in-odisha>

5. Suspected fraud in Odisha scholarship scheme: CAG report (*indianexpress.com*) October 4, 2023

In its performance audit report of the two scholarship schemes, the CAG found suspected syphoning of Rs 15.79 crore, due to lack of detailed procedure for inspections of institutions by District Welfare Officers (DWOs), before issue of User IDs for the scholarship portal.

The comptroller and auditor general (CAG), in a report tabled in Assembly Tuesday, observed “suspected fraud and corruption” in implementation of Post-Matric Scholarships (PMS) and the Medhabruti scheme implemented by two different departments of the Odisha government.

In its performance audit report of the two scholarship schemes, the CAG found suspected syphoning of Rs 15.79 crore, due to lack of detailed procedure for inspections of institutions by District Welfare Officers (DWOs), before issue of User IDs for the scholarship portal.

According to the report, the audit noticed that 30 institutes in six sampled districts registered in the portal meant for PMS during 2017-20, had obtained affiliation from the Bharat Sevak Samaj (BSS), Tamil Nadu and the National Council of Vocational Research and Training (NCVRT), New Delhi — which were not eligible agencies to grant affiliation to institutes for running Diploma courses.

“... due to the non-incorporation of detailed criteria in the system, as well as lack of monitoring on the part of the department, 5,185 students had already been granted scholarships of Rs 15.79 crore, irregularly,” said an audit officer quoting the report.

While joint physical inspection of 16 institutes affiliated by NCVRT and BSS were carried out in September and October 2021 in presence of the auditor, it was found that eight of these 16 verified during the joint verification were not in existence. The other eight had stopped functioning from 2020, after rejection of their applications by the DWO.

One institute in Mayurbhanj district did not have its own physical infrastructure like classroom, workshop and staffroom and was using the infrastructure of another neighbouring institute. In seven other institutes, the infrastructure was found to be inadequate compared to the number of students admitted. In one institute, only classrooms were available for 792 students and the institute had no workshop for students.

The CAG recommended the state government to investigate the suspected fraud in the payment of PMS in all districts to fix responsibility on the defaulting officials. It also asked the state SC/ST development department, implementing agency of the PMS, to frame detailed guidelines for inspection of institutes, prior to their registration on the scheme portal.

The audit report also stated that as many as 2,996 students of 22 sampled institutes in six sampled districts had been paid PMS, amounting to Rs 7.36 crore during 2017-18 to 2020-21, even after their discontinuance of the concerned courses. Due to non-interlinking of softwares meant for PMS and Medhabruti scheme, 11,880 students had been granted both PMS and Medhabruti during 2017 to 2021 — observed the CAG. <https://indianexpress.com/article/cities/bhubaneswar/suspected-fraud-in-odisha-scholarship-scheme-cag-report-8967293/>

6. Rs 58 crore post-matric scholarship siphoned off in Odisha, finds CAG (*newindianexpress.com*) 04 October 2023

It spotted lapses in implementation, deficiencies in scheme guidelines, lack of planning and irregularities in disbursement of funds.

BHUBANESWAR: After large-scale irregularities in scholarships disbursement in Maharashtra, Haryana, Karnataka, Tamil Nadu and Punjab, the Comptroller and Auditor General of India (CAG) has now detected fraudulent payments to the tune of Rs 58.79 crore under the post-matric scholarship (PMS) scheme in Odisha.

The performance audit found fraudulent payments made between 2016-17 and 2020-21 by manipulating the direct benefit transfer (DBT) mechanism. It spotted lapses in implementation, deficiencies in scheme guidelines, lack of planning and irregularities in disbursement of funds. Apart from pointing to loopholes in the implementation of the PMS scheme leading to suspected fraudulent drawal of scholarships by ghost institutes, the audit found diversion of scholarships by institutes from the bank accounts of the students to accounts of the institutions.

As per the CAG report, scholarship funds of Rs 15.79 crore were granted to 5,185 beneficiaries from 15 non-existing/ineligible institutes in six sampled districts registered in PRERANA, an online portal for Odisha scholarships during 2016-20.

Even as the DBT is pitched as a major reform of the government to ensure timely delivery of welfare to the right beneficiaries, as many as 2,996 students of 22 sampled institutes in six districts were paid PMS amounting to Rs 7.36 crore during the 2017-21 period even after their discontinuance of the courses.

The audit found shortcomings in the identification of beneficiaries, deficient control measures in IT systems, failure in the seeding of Aadhaar numbers, duplication of beneficiaries and disbursement of funds in the name of dropped-out students.

An institute in Mayurbhanj district was successful in getting the scholarship funds credited to the bank accounts of discontinued students amounting to Rs 2.36 crore and subsequently, transferred the same to the institute's bank account through suspected fraudulent means, the audit revealed.

It was also found that 11,880 students had been granted both PMS (Rs 6.91 crore) and Medhabruti (Rs 6.80 crore), contrary to the guidelines of both scholarship schemes. Although 56 nursing students of Jharsuguda, Kalahandi and Mayurbhanj districts got scholarships under the National Health Mission amounting to Rs 32.97 lakh during 2018-21, they were also paid PMS of Rs 35.18 lakh during the same period.

Similarly, 1,668 students who had pursued different courses at the same stage in four sampled districts had been granted PMS amounting to Rs 3.71 crore during 2017-20 due to a lack of validation controls in PRERANA software.

The audit observed that the institutes utilised documents of the students for siphoning off the scholarship amounts and district welfare officers the departments concerned had not exercised due diligence while disbursing PMS.

The CAG has recommended an investigation of reasons for suspected fraud in the payment of PMS and fixing of responsibility on the defaulting officials besides suitable action for recovery of the funds. The CAG report was tabled before the state assembly on Tuesday. <https://www.newindianexpress.com/states/odisha/2023/oct/04/rs-58-crore-post-matric-scholarship-siphoned-off-in-odisha-finds-cag-2620735.html>.

7. CAG Report Flags Fraudulent Payment under Student Scholarship Scheme in Odisha (*odishabytes.com*) Oct 4, 2023

Bhubaneswar: After large-scale irregularities in Maharashtra, Haryana, Tamil Nadu Karnataka and Punjab, the Comptroller and Auditor General of India (CAG), in its report tabled in the Assembly, observed fraudulent payment in Post-Matric Scholarships (PMS) and the Medhabruti scheme implemented by two different departments of the Odisha government.

THE FINDINGS

>> 5,185 beneficiaries of 15 ineligible institutions, were granted PMS, amounting to Rs 15.79 crore, during 2016-20 due to lack of detailed procedure for inspections of institutions by District Welfare Officers (DWOs), before issue of User IDs for the scholarship portal.

>> During 2017-21, 2,996 students of 22 sampled institutes in six sampled districts, were paid PMS amounting to Rs 7.36 crore, even after their discontinuance of the courses.

>> One institute had applied for scholarships on behalf of discontinued students and was successful in getting the scholarship funds credited to the bank accounts of the students amounting to Rs 2.36 crore and subsequently, transferring the same to the institute's bank account, through suspected fraudulent means.

The Ministry of Social Justice and Empowerment, in its revised guidelines issued in May 2018, made it mandatory for the inspection of private educational institutions by officials nominated by the district collectors. The CAG, however, noted that there was no provision for inspection of private educational institutions, for sanctioning PMS and eight of the 16 institutes, affiliated with the National Council of Vocational Research and Training (NCVRT) and Bharat Sevak Samaj (BSS), verified during the joint verification were non-existence.

>> Details of any inspection carried out by the concerned DWO of Mayurbhanj and inspection reports therein, were also not available, except in two cases.

>> The other eight institutes, in Mayurbhanj district, had stopped functioning from 2020, after rejection of their applications by the DWO, on instructions of the SSD Department. However, by then, 29 students, from seven of these institutes, had received PMS, amounting to Rs 7.13 lakh, during 2017- 18 and 2018-19.

>> It was noted that these 29 students had also been paid PMS, amounting to Rs 4.71 lakh, from other institutes.

It also mentioned about one institute in Mayurbhanj running without physical infrastructure (classroom, workshop, staff room, etc.) and instead using those of a neighbouring institute.

>> In case of the other seven institutes of the district, the infrastructure was found to be inadequate, in comparison to the number of students admitted. For example, in one institute, only classroom was available for 792 students and the institute had no workshop for students.

>> Besides, it was also seen that 288 beneficiaries, belonging to the ITET Vocational Training Centre, were granted PMS at a rate applicable for hostellers, despite the fact that the institute had no hostel available.

>> Details of teaching staff, as well as hostel records, were not produced to Audit, to ascertain if the institutes were functioning.

DISCONTINUATION OF STUDIES

The CAG also found that the PMS has been granted to the students, even if they discontinued their studies. On analysis of the PRERANA and OSSP database, as well as the payment files submitted by the SSD Department, DWOs of the eight test-checked districts and 69 sampled institutions, it was found that 2,996 students, of 22 sampled institutes, in six sample districts, had left their courses midway, during 2017-21. However, those students had been paid PMS, amounting to Rs. 7.36 crore, even after their discontinuance of the courses

Sakuntala Sudharsan Institute of Technology (SSIT) in Mayurbhanj district was running three-year diploma courses, wherein 1,369 students had taken admissions during 2016-20. The audit analysed the semester results of the 2016-19 and 2017-20 batches and found that 138 and 142 students, respectively, had not cleared their final examinations and had discontinued their studies. However, they were paid PMS, amounting to Rs 2.36 crore.

NON-EXISTENT STUDENTS

The audit analysis of the PRERANA database revealed Rs 14.17 crore was released against applications, purportedly submitted by 69 applicants belonging to 14 institutes, in three districts. However, their names were not found in the registers and the principals also confirmed that no such students had been enrolled in their institutions. “Of 69 beneficiaries, 52 beneficiaries of 11 institutes were paid Rs 10.07 lakh during the period 2018-21, but they were not registered on the PRERANA portal. No explanation was available with the Department/ DWO on this serious lacuna. In case of the remaining 17 beneficiaries pertaining to six institutes, it was seen that, although they were all registered on the PRERANA portal, details of only six students were forwarded to the DWO and payment of Rs 2.31 lakh was made. The institutes did not forward the applications of the remaining 11 students, to the DWOs, but payment of Rs 1.79 lakh was made to those students. Thus, there was a significant lack of checks and balances, at the levels of the DWOs, as well as the Department, leading to irregular payments.”

>> The authorities of the institutes had utilised the documents of the students for siphoning the scholarship amounts

>> The DWOs and the Department had not exercised due diligence, while disbursing the PMS amount of Rs 14.17 lakh, since this was done without ensuring student registration on PRERANA portal and in the concerned institutes.

The CAG was also found that 11,880 students were granted both PMS (Rs 6.91 crore) and Medhabruti (Rs 6.80 crore) during 2017 to 2021, contrary to the guidelines of both scholarship schemes and attributed it to non-interlinking of softwares meant the schemes. Although 56 nursing students of Jharsuguda, Kalahandi and Mayurbhanj districts got scholarships under the National Health Mission amounting to Rs 32.97 lakh during 2018-21, they also received PMS of Rs 35.18 lakh during the same period.

Similarly, 1,668 students who had pursued different courses at the same stage in four sampled districts were granted PMS amounting to Rs 3.71 crore during 2017-20 due to a lack of validation controls in PRERANA software.

It has recommended the state government to investigate the suspected fraud in the payment of PMS in all districts to fix responsibility on the defaulting officials. The SC/ST development department, implementing agency of the PMS, has also been asked to frame detailed guidelines for inspection of institutes, prior to their registration on the scheme portal. <https://odishabytes.com/cag-report-flags-fraudulent-payment-under-student-scholarship-schemes-in-odisha/>

8. CAG suspects corruption in distribution of student scholarship in Odisha (*business-standard.com*) Oct 3, 2023

The Comptroller and Auditor General of India (CAG) has suspected fraud and corruption in the implementation of the post-matric scholarship (PMS) scheme under direct benefit transfer (DBT) in Odisha.

In its report on the performance audit of the implementation of DBT in payment of PMS to eligible students in the state, which was laid before the state assembly on Tuesday, the CAG said, "Due to the absence of detailed checklist for inspection of private educational institutions, 5,185 beneficiaries of 15 ineligible institutions, had been granted PMS, amounting to Rs 15.79 crore, during financial years 2016-17 to 2016-20."

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Of the 16 institutes verified during the joint verification, it was found that eight were not in existence and the existence of these institutes could not be ascertained even from the local people, the report said.

"The Prerana (PMS scheme portal) software was also not equipped properly to identify and filter out these ineligible institutes. As a result, PMS, amounting to Rs 15.79 crore, was appropriated by non-existing/ineligible institutes," it said.

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9. Authorities suspect fraud, corruption in scholarship scheme for Odisha students (*indiatoday.in*) UPDATED: Oct 4, 2023

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10. Fraud Suspected In Odisha PMS Scheme: CAG (*pragativadi.com*) October 4, 2023

Bhubaneswar: The Comptroller and Auditor General of India (CAG) has suspected corruption and fraud in the post-matric scholarship (PMS) scheme implementation under direct benefit transfer (DBT) in Odisha.

CAG on Tuesday produced the report before the state assembly that highlighted the performance audit of the implementation of direct benefit transfer in payment of post-matric scholarships to eligible students in the state.

"Due to the absence of detailed checklist for inspection of private educational institutions, 5,185 beneficiaries of 15 ineligible institutions, had been granted PMS, amounting to Rs 15.79 crore, during financial years 2016-17 to 2016-20," the report said.

The welfare extension officers (WEOs) and assistant district welfare officers (ADWOs) in September and October 2021 carried out joint physical inspections in 16 institutions affiliated with the National Council of Vocational Research and Training (NCVRT) and Bharat Sevak Samaj (BSS). It was found that 8 institutions out of 16 were not in existence.

"The Prerana (PMS scheme portal) software was also not equipped properly to identify and filter out these ineligible institutes. As a result, PMS, amounting to Rs 15.79 crore, was appropriated by non-existing institutes," the report added.

However, the Ministry of Social Justice and Empowerment imposed its mandatory guidelines in May 2018 which made it compulsory for the inspection of private educational institutions by officials nominated by the district collectors. But there was no provision for inspection of private educational institutions for sanctioning PMS, CAG noted. <https://pragativadi.com/fraud-suspected-in-odisha-pms-scheme-cag/>

11. CAG suspects fraud, corruption in distribution of scholarship to students in Odisha (*odishatv.in, deccanherald.com*) 04 OCT 2023

The Comptroller and Auditor General of India (CAG) has suspected fraud and corruption in the implementation of the post-matric scholarship (PMS) scheme under direct benefit transfer (DBT) in Odisha.

In its report on the performance audit of the implementation of DBT in payment of PMS to eligible students in the state, which was laid before the state assembly on Tuesday, the CAG said, "Due to the absence of detailed checklist for inspection of private educational institutions, 5,185 beneficiaries of 15 ineligible institutions, had been granted PMS, amounting to Rs 15.79 crore, during financial years 2016-17 to 2016-20."

The Ministry of Social Justice and Empowerment, in its revised guidelines issued in May 2018, made it mandatory for the inspection of private educational institutions by officials nominated by the district collectors.

However, the CAG noted that there was no provision for inspection of private educational institutions, for sanctioning PMS.

Joint physical inspections of 16 institutes, affiliated with the National Council of Vocational Research and Training (NCVRT) and Bharat Sevak Samaj (BSS), were carried out in September and October 2021, by the welfare extension officers (WEOs) and assistant district welfare officers (ADWOs), in the presence of audit officials.

Of the 16 institutes verified during the joint verification, it was found that eight were not in existence and the existence of these institutes could not be ascertained even from the local people, the report said.

"The Prerana (PMS scheme portal) software was also not equipped properly to identify and filter out these ineligible institutes. As a result, PMS, amounting to Rs 15.79 crore, was appropriated by non-existing/ineligible institutes," it said.

The CAG also found that the PMS has been granted to the students, even if they discontinued their studies.

Sakuntala Sudharsan Institute of Technology (SSIT) in Mayurbhanj district was running three-year diploma courses, wherein 1,369 students had taken admissions during 2016-20.

The audit analysed the semester results of the 2016-19 and 2017-20 batches and found that 138 and 142 students, respectively, had not cleared their final examinations and had discontinued their studies. However, they were paid PMS, amounting to Rs 2.36 crore.

<https://odishatv.in/news/odisha/cag-suspects-fraud-corruption-in-distribution-of-scholarship-to-students-in-odisha-216521>

12. कैग ने पाया कि ओडिशा में 58 करोड़ रुपये की पोस्ट-मैट्रिक छात्रवृत्ति हड़पी गई (*jantaserishta.com*) 4 Oct 2023

महाराष्ट्र, हरियाणा, कर्नाटक, तमिलनाडु और पंजाब में छात्रवृत्ति वितरण में बड़े पैमाने पर अनियमितताओं के बाद, भारत के नियंत्रक और महालेखा परीक्षक (सीएजी) ने अब पोस्ट-मैट्रिक छात्रवृत्ति के तहत 58.79 करोड़ रुपये के फर्जी भुगतान का पता लगाया है। (पीएमएस) योजना ओडिशा में।

प्रदर्शन ऑडिट में प्रत्यक्ष लाभ हस्तांतरण (डीबीटी) तंत्र में हेरफेर करके 2016-17 और 2020-21 के बीच किए गए फर्जी भुगतान पाए गए। इसमें कार्यान्वयन में खामियां, योजना दिशानिर्देशों में कमियां, योजना की कमी और धन के वितरण में अनियमितताएं देखी गईं। पीएमएस योजना के कार्यान्वयन में खामियों की ओर इशारा करने के अलावा, फर्जी संस्थानों द्वारा छात्रवृत्ति के संदिग्ध फर्जी आहरण के लिए ऑडिट में संस्थानों द्वारा छात्रों के बैंक खातों से संस्थानों के खातों में छात्रवृत्ति की हेराफेरी पाई गई।

सीएजी की रिपोर्ट के अनुसार, 2016-20 के दौरान ओडिशा छात्रवृत्ति के लिए एक ऑनलाइन पोर्टल PRERANA में पंजीकृत छह नमूना जिलों में 15 गैर-मौजूदा / अयोग्य संस्थानों के 5,185 लाभार्थियों को 15.79 करोड़ रुपये की छात्रवृत्ति धनराशि प्रदान की गई।

भले ही डीबीटी को सही लाभार्थियों तक कल्याण की समय पर डिलीवरी सुनिश्चित करने के लिए सरकार के एक बड़े सुधार के रूप में पेश किया गया है, छह जिलों में 22 नमूना संस्थानों के 2,996 छात्रों को 2017-21 की अवधि के दौरान 7.36 करोड़ रुपये की पीएमएस राशि का भुगतान किया गया था। पाठ्यक्रम बंद होने के बाद भी।

ऑडिट में लाभार्थियों की पहचान में कमियां, आईटी प्रणालियों में नियंत्रण उपायों की कमी, आधार नंबरों की सीडिंग में विफलता, लाभार्थियों के दोहराव और ड्रॉप-आउट छात्रों के नाम पर धन के वितरण में कमियां पाई गईं।

ऑडिट से पता चला कि मयूरभंज जिले का एक संस्थान बंद किए गए छात्रों के बैंक खातों में 2.36 करोड़ रुपये की छात्रवृत्ति राशि जमा करने में सफल रहा और बाद में, संदिग्ध धोखाधड़ी के माध्यम से इसे संस्थान के बैंक खाते में स्थानांतरित कर दिया गया।

यह भी पाया गया कि 11,880 छात्रों को दोनों छात्रवृत्ति योजनाओं के दिशानिर्देशों के विपरीत, पीएमएस (6.91 करोड़ रुपये) और मेधाब्रुति (6.80 करोड़ रुपये) दिए गए थे। हालांकि झारसुगुड़ा, कालाहांडी और मयूरभंज जिलों के 56 नर्सिंग छात्रों को 2018-21 के दौरान राष्ट्रीय स्वास्थ्य मिशन के तहत 32.97 लाख रुपये की छात्रवृत्ति मिली, लेकिन इसी अवधि के दौरान उन्हें 35.18 लाख रुपये का पीएमएस भी दिया गया।

इसी तरह, प्रेरणा सॉफ्टवेयर में सत्यापन नियंत्रण की कमी के कारण 2017-20 के दौरान चार चयनित जिलों में एक ही चरण में विभिन्न पाठ्यक्रम करने वाले 1,668 छात्रों को 3.71 करोड़ रुपये की पीएमएस राशि प्रदान की गई थी।

ऑडिट में पाया गया कि संस्थानों ने छात्रवृत्ति राशि को हड़पने के लिए छात्रों के दस्तावेजों का उपयोग किया और संबंधित विभागों के जिला कल्याण अधिकारियों ने पीएमएस का वितरण करते समय उचित परिश्रम नहीं किया।

कैग ने पीएमएस के भुगतान में संदिग्ध धोखाधड़ी के कारणों की जांच करने और धन की वसूली के लिए उचित कार्रवाई के अलावा दोषी अधिकारियों पर जिम्मेदारी तय करने की सिफारिश की है। सीएजी रिपोर्ट मंगलवार को राज्य विधानसभा के समक्ष पेश की गई।
<https://jantaserishta.com/local/odisha/cag-finds-post-matric-scholarship-worth-rs-58-crore-embezzled-in-odisha-2876134>

13. CAG objects to refund of ₹25 cr in hospital project (*timesofindia.indiatimes.com*) October 03, 2023

Vijayawada: Comptroller and Auditor General (CAG) has taken strong objection to the state government's decision to refund Indo-UK Institute of Health (IUIH) ₹24.99 crore, the advance amount it paid towards land purchase in Amaravati.

CAG in its latest report said that such refund is not only 'irregular' but a bad precedent for litigations in future.

The state government approved allocation of about 150 acres of land to IUIH at a concessional price of ₹50 lakh per acre to set up a world-class hospital in Amaravati. The state government had communicated terms and conditions to IUIH through a Letter of Interest (LOI) in 2017 following which the firm paid ₹24.99 crore as advance. As per the terms and conditions mentioned in the LOI, the IUIH had to pay the entire amount within 30 days and enter an MoU to go ahead with the healthcare institution.

CRDA had also prepared the sale agreement and shared it with the IUIH to execute the deed.

The government had also suggested the firm to commence the construction work within six months of completing the sale deed. However, IUIH did not comply with the conditions despite protracted communication from the government, observed CAG.

Subsequent to the change of regime in 2019, the state government directed the CRDA to put all the land allocations in Amaravati on hold. Further, the government directed the CRDA to cancel the land allotment to the private firms.

The CRDA cancelled the land allotment letter issued to the IUIH and forfeited the advance amount of ₹24.99 crore. “Since the IUIH did not comply with the terms and conditions of LOI to complete the land purchase and commence the construction, we have decided to forfeit the amount,” said CRDA in its communication to IUIH.

CRDA refunded the entire amount to IUIH in 2020 following instructions from the government. “CRDA replied to the queries that decision to refund the amount was taken as per the minutes of the review meeting chaired by the chief minister to avoid further litigation,” said the CAG.

The CAG noted that the CRDA’s response is not acceptable as the authority itself had reversed its decision of forfeiting the amount for violation of agreed terms and conditions. When the decision was taken in contravention to the existing Amaravati Land Allotment Regulations, 2017, there would not be any legal complications as stated by CRDA. Further, such refund would set a precedent and lead to litigations as other parties might also request for the same favour even after violation of terms and conditions of agreement.

<https://timesofindia.indiatimes.com/city/vijayawada/cag-objects-to-refund-of-25-cr-in-hospital-project/articleshow/104118874.cms>

14. New Telangana PRC likely to impose huge burden on the exchequer (*thehindu.com*) October 03, 2023

The State government’s announcement of the constitution of a second pay revision commission (PRC) with retired bureaucrat N. Shiva Shankar is likely to impose huge burden on the exchequer.

The government simultaneously announced interim relief of 5% to all categories of employees with effect from October payable in November. The interim relief itself is likely to entail an additional burden of around ₹2,000 crore on the exchequer, according to Finance department senior officials.

The government has no doubt put in safeguards in the announcement of the new PRC claiming that the commission should consider current pay scales of the State Government employees vis-à-vis pay scales of employees of other State governments and the Central government while making its recommendations. It has been mandated to look into aspects like State revenue growth, commitments for ongoing and future investments, development programmes, welfare schemes and others while submitting its report within six months.

A look at the provisional figures submitted to the Comptroller and Auditor General of India reveals how the salaries/wages and pension components have been rising in the last five years. Budgetary allocation towards salaries/wages was ₹23,018 crore in the financial year 2018-19 and for pensions it was ₹11,697 crore. Allocations under the two heads increased to ₹38,627 crore and ₹13,024 crore respectively during the current fiscal.

This apart, the government has recently regularised the services of contract, outsourcing and other employees who were not on rolls. Regularisation of posts was on the higher side in the police, health and education departments entitling few thousands of employees to the regular pay scales.

“The regularisation process has added significant numbers to the cadre strength and this will also have a bearing when the second PRC starts the preparing report relating to the revised pay scales,” a senior official said.

It may be recalled that the first PRC headed by retired IAS officer C.R. Biswal recommended fitment benefit of 7.5% considering various factors including the State finances. But, Chief Minister K. Chandrasekhar Rao has implemented a significantly higher 30% fitment for the employees. <https://www.thehindu.com/news/national/tehangana/new-tehangana-prc-likely-to-impose-huge-burden-on-the-exchequer/article67375126.ece>

SELECTED NEWS ITEMS/ARTICLES FOR READING

15. Data reveals healthy direct tax collection, little risk of not meeting fiscal deficit target (*indianexpress.com*) Oct 04, 2023

Data on central government finances released a few days ago by the Controller General of Accounts paints a healthy picture of the government’s finances, dousing concerns over tax collections falling short of expectations. At the aggregate level, the Centre’s gross tax collections, which had been subdued in the first four months of the year (April-July), grew at a staggering pace in August. As a consequence, tax collections in the year so far (April-August) have grown at a healthy pace of 16.5 per cent. This is higher than the growth that was factored in the Union budget. While the momentum in collections may moderate in the second half, the fiscal arithmetic so far looks manageable.

The disaggregated data shows that the sharp uptick in collections has been driven by healthy direct tax revenues. So far this year, direct taxes have grown at 26.6 per cent, while indirect taxes have grown at a subdued 7.5 per cent.

Under the rubric of direct taxes, income tax collections have grown by a robust 35.6 per cent, while corporate tax collections, which till July were lower than levels seen last year, have grown handsomely in August, pushing up overall growth this year to 15 per cent. On the indirect tax side, goods and services tax collections have continued to hold steady. GST collection rose to Rs 1.62 lakh crore in September, up 10.2 per cent over those last year.

Excise collections though are lower than levels seen last year. Revenue from disinvestment also continues to disappoint. As against a budgeted target of Rs 61,000 crore, the government has so far garnered only Rs 6,949 crore through this route. However, robust growth of non-tax revenue, driven largely by the higher-than-budgeted dividend from the RBI, could in part help offset this shortfall. On the expenditure side, the government has maintained its spending momentum — capital spending is up 48 per cent so far this year. However, some expect the momentum to moderate in the second half of the year as the country approaches the national elections.

The momentum in the economy is expected to slow down in the second half of the year. As per the RBI's projections, GDP growth is likely to fall from 7.2 per cent in the first half of the year to 5.9 per cent in the second half. This could have implications for the government's tax revenues. And on the expenditure side, there is the possibility that additional allocations will have to be made for NREGA. However, as per analysts, there is little risk of the government not meeting its fiscal deficit target for the year. The government's market borrowing numbers of Rs 6.55 lakh crore for the second half of the year also seems to indicate so. <https://indianexpress.com/article/opinion/editorials/head-data-reveals-healthy-direct-tax-collection-little-risk-of-not-meeting-fiscal-deficit-target-8967205/>

16. IAF's Rs 3 lakh crore Made-in-India shopping list— 97 fighter jets, 156 LCHs, Sukhoi upgrades (*theprint.in*) Oct 03, 2023

The Indian Air Force will sign contracts worth about Rs 3 lakh crore for indigenous procurements over the next year and a half, including 97 LCA Mk-1A fighter jets, 156 Light Combat Helicopters (LCHs), and the upgradation of Sukhoi aircraft, Air Chief Marshal V.R. Chaudhari said Tuesday.

Speaking about the indigenously developed Light Combat Aircraft (LCA) Mk-1A, he said that the Air Force was set to buy 97 such aircraft, which are addition to the 83, for which Hindustan Aeronautics Ltd (HAL) signed a contract in 2021. The cost of all 180 aircraft will be about Rs 1.15 lakh crore, he added.

Notably, the IAF in June completed seven years of operating the Tejas Light Combat Aircraft (LCA).

About the Light Combat Helicopter (LCH), 10 of which the Air Force inducted into its fold last year, Chaudhari said: "We will be signing the contract in coming years for about 156 of these aircraft. Sixty-six will be with the Air Force (while the rest will go to the Army). The anticipated value of this contract would be about Rs 45,000 crore."

Furthermore, the IAF will also buy 70 Hindustan Turbo Trainer-40 aircraft, which are designed and built by HAL for training purposes. The Union cabinet had approved their procurement in March, the delivery of which will take six years.

Regarding the upgrade of Sukhoi 30s, the chief said, 84 of them would undergo enhancements at a value of Rs 60,000 crore.

New generation weapon systems on the cards

The IAF is also looking at procuring new generation weapon systems, contracts for which are expected to be signed by next year, Chaudhari said.

Listing the systems that the Air Force was looking at procuring, the chief said, “Medium-Range Surface to Air Missile (MRSAM), Akash New Generation missile defence systems, Air Defence System Kusha, Ballistic Missile Systems Pralay are all the contracts we are expecting to sign sometime in the coming year.”

Kusha is a project by the Defence Research and Development Organisation (DRDO) under which the IAF will get five units of the Long-Range Surface to Air Missile (LR-SAM). India’s Kalyani Strategic Systems has already entered a joint venture with Israel’s Rafael Advanced Systems Ltd for indigenous production of MRSAM, some of which have already been procured by the IAF.

Chaudhari said the cash outflow would be based on the allotted budget for the year.

“These contracts will be expected to be fulfilled over a period of about eight years, and so we will plan our budget accordingly,” he said.

He stressed that, except for the Flight Refuelling Aircraft (FRA) and Multirole Fighter Aircraft (MRFA) programme, most of the cases for acquisition are going to be indigenous.

India is looking at procuring 114 multi-role fighter aircraft (MRFA), however, the contract has been long pending.

The IAF will stop flying the MiG-21 squadrons by 2025 and replace them with LCA Mk-1A, said Chaudhari, adding that a proposal was in place for the same.

“This year, in another month or so, the second squadron will get number plated and the third one will follow soon next year. The induction of the Mk-1A will fill the gap for the outgoing MiG21s,” he said. <https://theprint.in/defence/iafs-rs-3-lakh-crore-made-in-india-shopping-list-97-fighter-jets-156-lchs-sukhoi-upgrades/1788440/>

17. How an Andhra scheme can save pension reforms (*livemint.com*) Oct 03, 2023

The Andhra Pradesh Guaranteed Pension System Bill, 2023, passed by the state assembly on 27 September, is a mix of the Old Pension Scheme (OPS) and the New Pension Scheme (NPS) introduced in 2004

MUMBAI: Andhra Pradesh’s new Guaranteed Pension System (GPS) is a hybrid of the old and new pension schemes. It offers the best of both worlds—a guaranteed pension without burdening the state significantly. Mint looks at its potential to salvage India’s hard-fought pension reforms.

What is the Andhra pension system?

The Andhra Pradesh Guaranteed Pension System Bill, 2023, passed by the state assembly on 27 September, is a mix of the Old Pension Scheme (OPS) and the New Pension Scheme (NPS) introduced in 2004. It is a contributory scheme that guarantees

government employees a monthly pension of 50% of their last-drawn salary and includes dearness allowance relief. GPS was introduced by Andhra Pradesh to overcome opposition to NPS which many saw as inferior to the earlier scheme. A return to OPS, it felt, was fiscally unsustainable as it would have pushed the state's fiscal deficit to 8% by 2050.

Why has this scheme generated interest?

After a struggle for more than a decade, India finally executed pension reforms that introduced NPS in 2004. Over time, people have come to feel that those who are receiving pension as part of the old scheme are better off than those under NPS. Political parties fed on this discontent and promised a return to the old scheme if elected to power. In fact, Rajasthan and Chhattisgarh have reverted to the old scheme while Himachal Pradesh, Jharkhand and Punjab are in the process of doing so. Andhra Pradesh's pension scheme offers a middle path and prevents a return to the regressive old scheme.

How does the Andhra system work?

It makes it more attractive without adding much to the financial burden. The contributory scheme guarantees a pension of 50% of the last drawn salary. Any short-fall in the returns from NPS is funded by the government. Today, NPS pensions are around 40% of the employee's last drawn salary. So, the government has to fund just the balance.

Why are people against NPS?

Unlike the old scheme, NPS is a contributory scheme where both employee and employer pay into a corpus that is invested to give returns. After retirement, the employee gets a monthly pension but, unlike in OPS, the amount is not guaranteed as it depends on the returns from the corpus. That, in turn, depends on market conditions. It also does not factor in inflation or pay commission recommendations. A fear of a further reduction triggered by adverse market conditions has fuelled opposition to NPS.

Why not just shift to the old scheme?

The pension was financed through the budget under OPS. The compound annual growth rate of pension liabilities for a 12-year period ended 2021-22 for all states was 34%. As of 2020-21, the pension outgo was 29.7% of states' revenues. It became unsustainable as more people retired and lived longer. A shift to OPS will mean governments will not only have little funds to meet the development needs but struggle to finance their operations without hefty taxation. This will worsen India's ease of doing business and make it uncompetitive. <https://www.livemint.com/news/india/how-an-andhra-scheme-can-save-pension-reforms-11696352807871.html>

18. The story behind a crumbling healthcare system (*hindustantimes.com*) Oct 04, 2023

The public health system in Maharashtra, India, is crumbling due to staff vacancies, lack of funds, and a lack of streamlined medicine procurement systems. The state has a doctor-to-population ratio of 0.84:1000, far below the World Health Organization's recommended ratio of 1:1000. The government has approved the construction of 10 new hospitals and is seeking funding from the Asian Development Bank.

Mumbai: The 35 deaths witnessed in two days at the state-run Dr Shankarrao Chavan Government Medical College and Hospital in Nanded, and 18 deaths in 24 hours at the Chhatrapati Shivaji Maharaj Hospital, in Kalwa in August, are symbolic of the state's crumbling public health system.

This is the inside story: the public health machinery has been marred by over 15% vacancies in medical and administrative staff, lack of funds, absence of a streamlined system to procure medicines and overburdened hospitals. All 25 medical colleges, in as many districts, and hospitals attached to them are beset with a similar fate.

The government approved 10 new hospitals for nine districts in July this year, which include Palghar, Ambernath (Thane), Gadchiroli and Amravati. Ahmednagar is the only district without a medical college. Each medical college has an intake capacity of 100 students, and is attached to at least a 430-bed hospital. Their purpose is to strengthen the health services in the districts.

In 2018, the World Health Organisation (WHO) mandated the population to doctor ratio at 1:1000. Maharashtra is currently at 0.84:1000. "The sanction of more medical colleges is expected to improve the ratio," said an official from the medical education department.

But this is the ground reality now -- of the 490 sanctioned posts of professors in colleges, 56 are vacant. Likewise, 95 of 1126 posts of associate professors and 360 of 1765 sanctioned posts of assistant professors are unfilled. Despite the government's recent advertisement to fill 884 posts of assistance professors only 525 could be filled.

"The doctors are not interested to serve in government hospitals for various reasons, which leads to the acute shortage," added the officer.

Similarly, around 10 to 15% of administrative positions are vacant. "Given the poor response from doctors for government jobs, we have appointed a committee headed by the commissioner of the health department, to chalk out a plan on the incentives and perks that can be offered to doctors to woo them to government hospitals," said another official from the department.

Poor fund distribution

At the heart of the shortcoming is both an inadequate kitty allocated by the government for spends on public health and the assigned funds not being released.

Dr Avinash Bhondve, past state president of Indian Medical Association (IMA), pointed out that the government spends between 1% and 1.25% of the GDP on health infrastructure – a practice for many years. "Patients are made to buy medicines from private suppliers as there is no timely procurement of medicines nor are positions filled. Even after the pandemic exposed the public health system's poor health, no steps were taken to augment the infrastructure," he said.

On the other hand, while the state government proposes to procure medicines worth ₹850 crore annually, the figures remain only on paper. A former health secretary, who did not wish to be named, broke down the numbers for HT. He said, "Of the corpus, the

public health department is expected to procure medicines worth ₹470 crore, medical colleges are supposed to get ₹150 crore and other departments like tribal and municipal corporations take up the rest. In reality, suppliers have stopped supplying medicines to BMC and other government hospitals as they have huge outstanding dues. The outstanding at the Nanded hospital is ₹1 crore. In such a backdrop what else you expect.”

Elaborating further, Dr Pravin Shingare, former director of medical education said “The deans are allowed to procure only 10% from their allocated budget, while remaining procurement is traditionally done by Haffkine Biopharmaceutical Corporation. In the absence of the manpower and funds, Haffkine has not been able to procure medicines, hospitals are not able to maintain machineries like CT, Ultrasound, MRI scanners or appoint doctors and nurses. In the last four years the government created six new medical colleges – they are all without doctors and nurses. Manpower from existing medical colleges and hospitals are diverted here, compromising the infrastructure at both hospitals.”

Given Haffkine’s inability to procure medicines, this year respective deans of hospitals were allowed to procure 30% from their kitty. It wasn’t possible in Nanded, as the hospital is without a dean.

Shingare added, expensive healthcare in private hospitals, has increased the pressure on ICUs of government hospitals. The ICU numbers have gone up from the earlier 5% to 15% now, he said. “Expenditure on each ICU patient is ₹5000 per day, but the hospitals have no money to spend.”

Medical education minister Hasan Mushrif however declined that there is any shortage of medicines in government hospitals. He said, “The fatality rate in Nanded and other government hospitals is high because serious patients are transferred here at the last minute or when patients run out of money.”

Meanwhile, a cash-strapped state government has now proposed to raise ₹4000 crore from Asian Development Bank to fund the construction of the newly proposed medical colleges. The department has also proposed to implement super specialty services in the government hospitals on public private partnership basis. <https://www.hindustantimes.com/cities/mumbai-news/the-story-behind-a-crumbling-healthcare-system-101696361448225.html>

19. Nanded hospital deaths expose Maharashtra’s flawed medicine procurement system (*indianexpress.com*) Oct 03, 2023

The deaths of 31 patients within a two-day period at the Maharashtra government-run Dr Shankarrao Chavan Government Medical College and Hospital in Nanded has once again exposed the state’s flawed medicine procurement system as a shortage of medicines is being cited as one of the reasons for the tragedy.

A delay in implementing the recently passed Medical Goods Procurement Authority Act and the resultant change in procurement rules are to blame for the medicine shortage in the state, say sources.

In March this year, Maharashtra enacted the Medical Goods Procurement Authority Act with the aim of establishing an authority for single-point procurement and supply of certain medicines, medical goods, medical consumables, devices, equipment etc. for public hospitals and medical colleges. This was expected to do away with alleged delays in the procurement of medicines by the state-run Haffkine Bio-Pharmaceutical Corporation Limited. So far, all state government departments providing medical services have had to purchase medicines, medical equipment and other related items from Haffkine.

Maharashtra Health Minister Tanaji Sawant had said in March that establishing an independent authority would streamline and expedite the procurement and supply process for state government health institutions, ensuring easier, transparent, fair, and affordable access to medicines for people. He had also highlighted that the state government allocates over Rs 20,000 crore annually for medical purchases across all its departments, a sum that would now be centralised through the newly formed procurement authority.

However, according to sources, the implementation of the Act was delayed due to issues related to committee formation, protocol establishment etc., as a result of which, the tendering process only started five months later, in August. “Tendering began in mid-August but it typically takes 1-2 months for procurement and distribution,” a senior health officer said.

It has also come to light that due to the changes in procurement rules, even Haffkine abstained from making purchases, exacerbating the medicine shortage problem in the state.

Procurement of medicines usually begins in March each year, and by now, the institution should have secured over 50 per cent of the required stock, Abhay Pandey, chairman of the All Food and Drugs License Holders Foundation, an association of wholesale medicine suppliers, pointed out. “However, as of this month, Haffkine has only procured 10-20 per cent of the medicines. Government hospitals have been making their own procurements to address shortages,” noted Pandey.

Dr Dilip Govindrao Mhaisekar, the director of the Directorate of Medical Education and Research (DMER), was not available for comment.

To provide context, several government medical colleges had to abruptly halt their procurement from Haffkine. For example, around June-July, Haffkine refunded Rs 20 crore to the Nagpur district hospital; the amount was originally intended for the acquisition of equipment for cancer treatment and robotic surgeries.

An official from a government medical college hospital explained, “Fresh proposals will need to be submitted, and government approval for funding must be obtained anew. The procurement process will follow the new policy, bypassing the Haffkine Institute, to an expert committee led by the district collector.”

Dr Ravi Duggal, an independent health researcher and economist, has long emphasised the necessity for an independent organisation akin to Tamil Nadu’s Medical Services Corporation (TNMSC) Limited, to enhance transparency in the healthcare sector. “Just

enacting a new rule will not suffice as it needs to be implemented. There is a need for more transparency where citizens can also easily access detailed information about tendering and availability,” he said, adding that annual reports of medicine shortage, especially in a medical college like Nanded District Hospital, are “shameful”.

He also highlighted how the state allocates a budget of Rs 400 crore for medical education but consistently underspends. “Every year, we hear the issue of shortages of medicines and life-saving equipment. Then, why is the fund not being used?” Dr Duggal asked.

In 2017, the state government had set up a purchase cell at Haffkine to ensure bulk purchases of medical goods at minimum rates and had made it mandatory for medical service departments to procure goods from there. Soon, grievances began cropping up about the procurement cell’s failure to make timely purchases, resulting in a delay of 1.5 to 4 years in delivering drugs and equipment to medical institutions. Rural patients bore the brunt.

“Ninety per cent of the medicine procurement was initially assigned to Haffkine, with the medical college responsible for the remaining 10 per cent through local purchases. However, due to delays, we ended up procuring 20-30 per cent of the medicines,” a government medical college dean explained.

Most medical colleges in the state complained of similar challenges. Furthermore, there have been delays from the state government in disbursing funds for purchases beyond the 10 per cent allocation, as requested by the suppliers. “This has resulted in pending bills totalling Rs 100 crore as of today. It discourages local suppliers from providing medicines to the colleges, exacerbating the supply and demand gap,” said Pandey.

In 2022, when the government-run J J Hospital faced a similar drug shortage and the issue was raised in the state Assembly, the then medical education minister Amit Deshmukh had told The Indian Express about a plan to put in place a live dashboard called E-Aushadhi (E-medicine) which would provide real-time updates to the public health department on the district-wise availability of medicines. Later, however, with the change in government, the plan was not fully implemented.

Speaking to The Indian Express, Deshmukh said, “Firstly, the medical education department should introduce a live dashboard, a practice already in place in major private hospitals. This measure would enhance transparency, and given the state’s robust IT capabilities, its implementation should be feasible.”

He further added, “Secondly, it is essential to grant college deans more budgetary flexibility. Currently, they operate under a budget cap of Rs 10 lakh, which needs to be expanded to accommodate the rising costs of medicines.

<https://indianexpress.com/article/cities/mumbai/nanded-hospital-deaths-expose-maharashtras-flawed-medicine-procurement-system-8966724/>

20. Delhi govt begins special audit of Jal Board amid agency's rising debt (*business-standard.com*) Oct 4, 2023

The Delhi government has begun a special audit of the DJB amid the water works agency's rising debt and shrinking revenues, sources said on Tuesday.

The Finance department of the Delhi government conducting the special audit will also look into alleged instances of fund diversion by the Delhi Jal Board (DJB) from capital heads to other works, they said.

The audit will find out how a corpus of Rs 12, 712 crore provided in the last five years was utilised by the DJB even as its debt has soared to around Rs 70,000 crore from over Rs 26,000 crore in 2018, sources said.

The DJB, apart from production and distribution of water and disposal of sewerage, also looks after Yamuna cleaning in the city. It is currently executing various projects worth Rs 18,000 crore, official sources said.

They said it has come to knowledge that the DJB in the past diverted funds under capital heads to meet its pending bills for various projects. Out of Rs 1,557 crore provided to it this year for various works, Rs 750 crore was used to meet pending liabilities, sources said.

In August, Delhi Water Minister Saurabh Bharadwaj had said in the Assembly that several projects of the Delhi Jal Board were stuck due to a paucity of funds with the finance department officers obstructing money to the department.

"During the Covid pandemic, metre readers did not go and bills were not generated. In some cases, where bills were generated, they were not paid. Despite that, the DJB was functioning and salaries were being paid. The recurring expenses were paid using capital money. This amounted to Rs 1,500 crore," he had said.

Bhardwaj had also said that the DJB urged the finance department for Rs 2,000 crore for different important works but the file was sent back arguing that only Rs 500 crore would be given as Rs 1,500 crore was already showing in the Delhi Jal Board's account.

He had explained the financial condition of the DJB, saying its budget amounted to Rs 4,839 crore but earnings were around Rs 1,200 crore and that obviously was the reason for accumulating debt. https://www.business-standard.com/india-news/delhi-govt-begins-special-audit-of-jal-board-amid-agency-s-rising-debt-123100301507_1.html