

NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Must widen tech use in service delivery: CAG (*indianexpress.com*) October 6, 2023

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Comptroller & Auditor General (CAG) of India Girish Chandra Murmu on Thursday emphasised on the need for increased use of IT systems and technology in service delivery.

Inaugurating the INTOSAI's 15th Knowledge Sharing Committee meeting at Abu Dhabi, CAG Murmu emphasised on the pivotal role of knowledge in effective public auditing.

“Knowledge is the cornerstone of proficient public auditing, ensuring precise, consistent, credible, and efficient audits.”, he said.

He added that it fosters a culture of ongoing improvement by identifying potential risks.
<https://indianexpress.com/article/india/must-widen-tech-use-in-service-delivery-cag-8970497/#!ne9oudctkbligef8l>

2. AI, multilingual approach important for efficient auditing: CAG (*indianexpress.com*) October 5, 2023

The INTOSAI is a global community of supreme audit institutions dedicated to promoting good governance and public accountability.

“Knowledge is the cornerstone of proficient public auditing, ensuring precise, consistent, credible, and efficient audits. It fosters a culture of ongoing improvement by identifying potential risks,” said Comptroller & Auditor General (CAG) of India Girish Chandra Murmu on Thursday while inaugurating the International Organization of Supreme Audit Institutions's (INTOSAI) 15th Knowledge Sharing Committee meeting at Abu Dhabi.

The INTOSAI is a global community of supreme audit institutions dedicated to promoting good governance and public accountability. Highlighting the significance of KSC, CAG Murmu stated, “INTOSAI's ambitions resonate in the operational strategies of Knowledge Services Committee (KSC), amplifying visibility, fostering inclusivity, and nurturing the growth of Supreme Audit Institutions (SAI) through a robust knowledge-sharing ecosystem.” According to the statement, Murmu urged members of SAIs to lead in auditing, employing innovative strategies like multilingual approaches, artificial intelligence, and online collaboration tools.

“In addition to the KSC meeting, Murmu held bilateral meetings with the SAIs of Egypt and UAE. Discussions with SAI Egypt focused on cooperation in multilateral forums to advance public sector audit. Talks with SAI UAE explored the potential for a Memorandum of Understanding (MoU) and mutual collaboration, particularly in

Infrastructure and IT audit with a focus on capacity building, the statement said. Murmu also chaired and inaugurated the INTOSAI's 32nd annual Working Group on IT Audit meeting. <https://indianexpress.com/article/india/ai-multilingual-approach-important-efficient-auditing-cag-8970343/#lne9snnad97u1w0inns>

3. Rail electrification and orphaned diesel locos (*thehindubusinessline.com*) BY K BALAKESARI | Updated: October 05, 2023

Wrong track. Diesel locos lie 'stabled' in various depots, while freight rakes cannot move for want of an electric loco

About five months ago, this writer sent a couple of queries under Right to Information Act 2005 to the Ministry of Railways, in the context of the race to achieve 100 per cent electrification of Indian Railways: (i) the number of goods train formations (rakes) that were stabled as on March 31, 2023 midnight for want of electric locomotives to haul them and (ii) the number of serviceable diesel electric locomotives stabled as on March 31, 2023 and their age profile.

“Stabling” is railway jargon to denote temporary immobilisation or storage of mobile assets for various reasons.

What followed was akin to a nuclear chain reaction: Over the last three months “responses” were received from nearly all the 70 railway divisions and a few locomotive maintenance depots of Indian Railways, some from the same source multiple times.

Till the time of writing this article, out of about 180 replies received, 150 were in the negative and the rest contained the relevant information.

The Railway Ministry, which prides itself in being not only a policy making body but an operational one, had apparently transferred the RTI application to all the 70 railway divisions, with instructions to reply directly to the applicant. What prompted the Ministry resort to this dilatory, wasteful and farcical method of response?

The answer perhaps lies in the contents of the replies received and their import. From the replies received it could be gathered that as on March 31, 2023, there were 47 goods train formations (rakes), loaded and empty, immobilised for want of electric locomotives to haul them.

On the same date there were 585 diesel electric locomotives (henceforth referred to as diesel locomotives) stabled (stored) in serviceable condition all over the Railways, of which 369 (63 per cent) had residual service life of more than 15 years.

Goods train rakes and locomotives are amongst the costliest assets of the Railways and their simultaneous idling is indicative of a serious systemic imbalance, in this case arising out of one of the most prestigious projects of Indian Railways: 100 per cent Railway electrification. This article is not about the time-worn debate of electric traction versus diesel traction but about the unseen but costly fall out of rapid electrification.

Horns of a dilemma

According to Indian Railways Year Book 2021-22, there were 4,747 diesel locomotives and 8,429 electric locomotives on Indian Railways. The annual production of electric locomotives is about 1,000. To cope with this steady increase, the maintenance infrastructure of diesel locomotives is being repurposed to suit electric locomotives, rendering an equivalent number of diesel locomotives “homeless”, resulting in their stabling.

In this rapidly changing scenario, sometimes the availability of electric locomotives does not match the traffic requirements, resulting in the absurd situation of freight train rakes idling for want of electric locomotives even while serviceable diesel locomotives are stabled at various locomotive depots.

At the present rate of addition of new electric locomotives to the fleet, complete switch over to electric traction may stretch to 3-4 years, at the end of which at least 3,000-3,500 serviceable diesel locomotives will become redundant. There are limited options for repurposing or monetising these locomotives, apart from retaining a few hundred locomotives for strategic considerations.

A majority may have to head prematurely to the scrap yard. There is however an option to use the relatively new high horse power diesel locomotives (numbering about 2,200) till the end of their service life of 35 years. That means the dichotomy of operating diesel locomotives “under wire” on a 100 per cent electrified railway for many years! The situation is quite muddled, which perhaps explains the evasive response of Ministry to the RTI queries

Why this tearing hurry?

One of the declared objectives of electrification of the entire Broad-Gauge network is “to provide environment friendly, green and clean mode of transport to its people”. This pious declaration needs to be taken with a few tonnes of coal.

Consider this. Today 49.1 per cent of the electricity generated in the country is from coal fired thermal power plants. 45 per cent of freight earnings of Indian Railways comes from transporting coal, out of which 45 per cent is through transporting coal only to these power plants which works out to 20 per cent of the total freight earnings.

More significantly, the Revised Estimates for 2022-23 and Budget Estimates for 2023-24 have projected that nearly 40 per cent of total freight earnings will come from transport of coal to power houses. Burning more coal to generate more electricity to power electric locomotives to move more coal is hardly the way to make the environment greener.

Until at least 75-80 per cent of power generated in the country comes from non-fossil fuel sources, claims of 100 per cent electrification leading to greener environment are that much hot air (Pun intended).

Going by the reported plans to put up more coal based thermal power plants and to ramp up coal traffic on the Railways that day seems far away.

Hidden costs

That leads to a much larger issue: the hidden costs of headline-grabbing projects. Be it the opulent “airportification” of Railway stations with unsustainable future maintenance costs, or the frenzied rush to achieve 100 per cent electrification rendering thousands of serviceable locomotives redundant, what is manifest is a disturbing tilt towards profligacy, which even a soon-to-be \$5 trillion economy cannot sustain.

Meanwhile the organisation is struggling to fully meet its pension payment obligations. It is perhaps time for the Comptroller and Auditor General of India to deep dive into the true costs of such reckless excursions into extravagance and wave the red flag. <https://www.thehindubusinessline.com/opinion/rail-electrification-and-orphaned-diesel-locos/article67385415.ece>

STATES NEWS ITEMS

4. Ama Gaon Ama Bikash funds misutilised: CAG (*newindianexpress.com*) Oct 06, 2023

Selection of projects without the involvement of beneficiaries or their representatives, in a manner that was not compliant with the AGAB guidelines, resulted in the blocking of funds.

BHUBANESWAR: The performance audit by the Comptroller and Auditor General (CAG) has detected serious irregularities in the utilisation of funds under the Ama Gaon Ama Bikash (AGAB) scheme launched in September 2018 to provide missing links to the existing infrastructure deficit.

Verification of records on fund utilisation of 5,933 projects taken up from 2018-19 to 2020-21 in two test-checked districts of Cuttack and Sambalpur revealed the projects were approved at the state level without supporting documents. This apart, the projects were neither consolidated at panchayat or block levels nor based on suggestions made by local people or public representatives.

The two districts received funds amounting to Rs 111.17 crore for the approved projects out of which 761 were taken up for execution at a cost of Rs 15.13 crore. “In the absence of bottom-up inputs, audit noticed that 102 approved projects, with an estimated cost of Rs 1.43 crore could not be taken up due to non-feasibility of the project site and insufficient cost estimates which had not been anticipated prior to approval,” the CAG report tabled in the Assembly on Tuesday said.

Selection of projects without the involvement of beneficiaries or their representatives, in a manner that was not compliant with the AGAB guidelines, resulted in the blocking of funds that could have been utilised as per local requirements, as was originally intended under the scheme, it added.

Inspection of 71 projects revealed that in 33 cases, BDOs executed religious structures in contravention of the guidelines. The purpose for which the scheme was launched was defeated as no benefit was extended to the beneficiaries. The audit found that BDOs of

Tangi-Chowdwar, Kanatapada and Dhanakuda blocks had shown 23 projects with a cost of Rs 44.8 lakh were completed with payment of final bills.

However, a joint inspection by the audit team found that none of the projects were complete and the assets could not be utilised by the public resulting in unfruitful expenditure. It was further noticed that 68 works costing Rs 1.5 crore were constructed without administrative approval. As per the guidelines, the projects were to be approved by the chief minister. <https://www.newindianexpress.com/states/odisha/2023/oct/06/ama-gaon-ama-bikash-funds-misutilised-cag-2621364.html>

5. अमा गांव अमा विकास फंड का दुरुपयोग: सीएजी (*jantaserishta.com*) Oct 06, 2023

नियंत्रक एवं महालेखा परीक्षक (सीएजी) द्वारा प्रदर्शन ऑडिट में मौजूदा बुनियादी ढांचे की कमी के लापता लिंक प्रदान करने के लिए सितंबर 2018 में शुरू की गई अमा गांव अमा विकास (एजीएबी) योजना के तहत धन के उपयोग में गंभीर अनियमितताओं का पता चला है।

कटक और संबलपुर के दो परीक्षण-जांच किए गए जिलों में 2018-19 से 2020-21 तक शुरू की गई 5,933 परियोजनाओं के फंड उपयोग पर रिकॉर्ड के सत्यापन से पता चला कि परियोजनाओं को राज्य स्तर पर सहायक दस्तावेजों के बिना अनुमोदित किया गया था। इसके अलावा, परियोजनाओं को न तो पंचायत या ब्लॉक स्तर पर समेकित किया गया और न ही स्थानीय लोगों या जन प्रतिनिधियों द्वारा दिए गए सुझावों पर आधारित किया गया।

दोनों जिलों को स्वीकृत परियोजनाओं के लिए 111.17 करोड़ रुपये की धनराशि प्राप्त हुई, जिनमें से 15.13 करोड़ रुपये की लागत से 761 परियोजनाओं को क्रियान्वित किया गया। “बॉटम-अप इनपुट के अभाव में, ऑडिट में पाया गया कि 1.43 करोड़ रुपये की अनुमानित लागत वाली 102 अनुमोदित परियोजनाओं को परियोजना स्थल की गैर-व्यवहार्यता और अपर्याप्त लागत अनुमानों के कारण शुरू नहीं किया जा सका, जिनकी पहले उम्मीद नहीं की गई थी। अनुमोदन, “मंगलवार को विधानसभा में पेश की गई सीएजी रिपोर्ट में कहा गया है।

इसमें कहा गया है कि लाभार्थियों या उनके प्रतिनिधियों की भागीदारी के बिना परियोजनाओं का चयन, जो कि एजीएबी दिशानिर्देशों के अनुरूप नहीं था, के परिणामस्वरूप उन फंडों को अवरुद्ध कर दिया गया जिनका उपयोग स्थानीय आवश्यकताओं के अनुसार किया जा सकता था, जैसा कि मूल रूप से योजना के तहत किया गया था। .

71 परियोजनाओं के निरीक्षण से पता चला कि 33 मामलों में, बीडीओ ने दिशानिर्देशों का उल्लंघन करते हुए धार्मिक संरचनाओं का निर्माण किया। जिस उद्देश्य से योजना शुरू की गई थी वह उद्देश्य पूरा नहीं हुआ क्योंकि लाभार्थियों को कोई लाभ नहीं मिला। ऑडिट में पाया गया कि टांगी-चौद्वार, कनाटापाड़ा और धानकुडा ब्लॉक के बीडीओ ने 44.8 लाख रुपये की लागत वाली 23 परियोजनाओं को अंतिम बिलों के भुगतान के साथ पूरा दिखाया था।

हालाँकि, ऑडिट टीम के एक संयुक्त निरीक्षण में पाया गया कि कोई भी परियोजना पूरी नहीं हुई थी और जनता द्वारा परिसंपत्तियों का उपयोग नहीं किया जा सका जिसके परिणामस्वरूप निष्फल व्यय हुआ। यह भी पाया गया कि 1.5 करोड़ रुपये की लागत वाले 68 कार्यों का निर्माण प्रशासनिक मंजूरी के बिना किया गया था। दिशानिर्देशों के अनुसार, परियोजनाओं को मुख्यमंत्री द्वारा अनुमोदित

किया जाना था। <https://jantaserishta.com/local/odisha/ama-village-ama-development-fund-misused-cag-2883268>

6. कैग ने ओडिशा में पीएमएवाई के कार्यान्वयन में खामियां निकालीं (*jantaserishta.com*) Oct 05, 2023

भुवनेश्वर: भारत के नियंत्रक एवं महालेखा परीक्षक (सीएजी) ने ओडिशा में प्रधानमंत्री आवास योजना (पीएमएवाई)-ग्रामीण के कार्यान्वयन में बड़ी खामियां पाई हैं।

सीएजी की वार्षिक रिपोर्ट के अनुसार, केंद्र सरकार ने 2022 तक सभी लोगों को घर उपलब्ध कराने का लक्ष्य रखा है, लेकिन राज्य के ग्रामीण इलाकों में 8.59 लाख लोग पीएमएवाई योजना के तहत घर पाने से वंचित रह गए हैं।

"ग्राम सभाओं द्वारा पात्र समझे गए 8.59 लाख लाभार्थियों को स्थायी प्रतीक्षा सूची से बाहर कर दिया गया था। पीएमएवाई-जी के तहत घरों को मंजूरी देने में प्राथमिकता संख्याओं का पालन नहीं किया गया था और घरों को मंजूरी देते समय जारी की गई प्राथमिकता संख्याओं का उल्लंघन किया गया था। सभी 24 परीक्षण जांच बिंदुओं में। धोखाधड़ी वाले कार्य आदेश जारी किए गए और गैर-लाभार्थियों को भुगतान जारी किया गया," सीएजी ने पीएमएवाई-जी के कार्यान्वयन पर अपने प्रदर्शन ऑडिट में कहा।

"चूंकि 0.41 लाख घरों को मंजूरी नहीं दी जा सकी, इसलिए राज्य को 295 करोड़ रुपये का परिहार्य वित्तीय बोझ उठाना होगा। आवास सॉफ्ट में अधूरे घरों को पूरा दिखाया गया था, घरों का निर्माण व्यावसायिक उद्देश्यों के लिए किया गया था, और बड़े आकार के घरों के निर्माण पर ध्यान दिया गया था। अन्य संबंधित योजनाओं से धन जुटाने में विफलता के कारण, लाभार्थी पेयजल, शौचालय और बिजली जैसी बुनियादी सुविधाओं से वंचित थे। लेखापरीक्षा में सत्यापित 647 पूर्ण घरों में से, 347 घरों में कोई शौचालय नहीं था, 122 घरों में कोई पीने के पानी की सुविधा नहीं थी। 199 घरों में कोई बिजली कनेक्शन नहीं था, 291 घरों में कोई एलपीजी प्रावधान नहीं था और 22 घरों में कोई संपर्क सड़क नहीं थी," रिपोर्ट में कहा गया है।

"महात्मा गांधी राष्ट्रीय ग्रामीण रोजगार अधिनियम (मनरेगा) के साथ तालमेल में मजदूरी भुगतान का भी अतार्किक प्रावधान था, क्योंकि या तो पहली किस्त जारी होने से पहले पूर्ण मजदूरी का भुगतान किया गया था या छत के स्तर तक घरों के पूरा होने के बाद भी मजदूरी का भुगतान नहीं किया गया था। पीएमएवाई-जी के लिए राज्य नोडल खाते के अलावा, आईसीआईसीआई बैंक में एक और खाता संचालित किया गया था और 18.10 करोड़ रुपये अनियमित रूप से खाते में स्थानांतरित किए गए थे। 41,146 मामलों में, पहली किस्तें संबंधित लाभार्थियों को जारी की गईं, जिसमें 07 से लेकर 1,576 दिन। प्रशासनिक निधि में से, 7.83 करोड़ रुपये अस्वीकार्य मदों पर खर्च किए गए थे। आवास सॉफ्ट डेटा नमूना जिलों में घरों के जियोलोकेशन से संबंधित गलत जानकारी दिखाता है, क्योंकि 3,521 मामलों में, घर राज्य के बाहर स्थित दिखाए गए थे, " यह जोड़ा गया।

हालांकि, इस संबंध में ओडिशा सरकार से कोई प्रतिक्रिया नहीं मिल सकी है। <https://jantaserishta.com/local/odisha/cag-finds-flaws-in-implementation-of-pmay-in-odisha-2881353>

7. CAG picks holes in execution of PMAY in Odisha (*deccanchronicle.com*) Oct 05, 2023

Bhubaneswar: 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 sanctioning houses under PMAY-G and the priority numbers issued were violated while sanctioning houses in all 24 test checked points. Fraudulent work orders were issued and payments were released to non-beneficiaries," 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 an avoidable financial burden of Rs 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 and electricity, 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 Mahatma Gandhi National Rural Employment Act (MGNREGA), 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 Rs 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, Rs 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://www.deccanchronicle.com/nation/current-affairs/051023/odisha-859-lakh-rural-poor-deprived-of-houses.html#lne9zwc42d3srzc06b>

8. Sale of Substandard Food in Sambalpur, CAG Report submitted in Assembly (*onlinesambalpur.com*) Oct 05, 2023

Sambalpur: The CAG report has been submitted to the assembly in less than two days. According to this report, several alarming facts have come to light. It is said that such

a situation arises due to the negligence of government employees. According to reports, the Sambalpur city has a holding tax of crores of rupees which the Sambalpur Metropolitan Corporation (SMC) has failed to clear. A more concerning fact is about the poor quality of food available in Sambalpur city. According to the CAG report, Odisha's Cuttack and Sambalpur metropolitan areas have the highest number of substandard food sold. While 468 food samples were collected, 109 samples failed to meet the specified criteria.

Most ironically, according to the report, no orders have been issued to reform the sellers, which has sparked outrage in the Sambalpur region. On the other hand, the Health officer of SMC said that he would respond after understanding.

In Sambalpur city, serving food in unsanitary conditions has become a common practice. Food adulteration has become a kind of compulsion. Various fast food and breakfast shops are using low-quality colors, sauces, oil, etc. In view of all this, there is a strong demand for strict scrutiny. <https://onlinesambalpur.com/sambalpur-sale-of-substandard-food-in-sambalpur-cag-report-submitted-in-assembly/>

9. Delhi High Court rejects plea to probe irregularities flagged by CAG in report on Delhi's Directorate of AYUSH (*barandbench.com*) Oct 05, 2023

The Court expressed hope that the Delhi government takes insights from the CAG report and implements remedial measures.

The Delhi High Court on Thursday rejected a plea for a court-monitored investigation to scrutinize irregularities flagged in the Delhi government's AYUSH Directorate by the Comptroller and Auditor General of India (CAG). [Tarun Narang vs State (Govt of NCT of Delhi) and Ors]

A Bench of Chief Justice Satish Chandra Sharma and Justice Sanjeev Narula noted that based on the Delhi government's affidavit, constructive steps were evidently underway.

As such, the Court found no reason to direct a court-monitored probe. It stated,

"It is not a mechanism to be employed routinely or without just cause. We must preserve its weight for situations where the State appears either ignorant or non-cognizant of issues. Resorting to such an investigation without substantial reasoning could inadvertently diminish its efficacy."

The Court also expressed hope that the Delhi government remains steadfast in its mission taking insights from the CAG report, identifying the areas of improvement as outlined in its affidavit and implementing remedial measures.

The Court was hearing a public interest litigation (PIL) alleging that the Directorate of AYUSH of the Delhi government had failed to perform its functions effectively, leading to deficiencies and irregularities in the capital's healthcare system.

According to the petitioner, the shortcomings have denied citizens access to quality healthcare services under the AYUSH framework of medicine within Delhi. Therefore,

he urged the Court to issue a series of directives aimed at rectifying the issues highlighted in the CAG audit report.

Between May and August of 2017, the CAG undertook a comprehensive performance audit that scrutinized the operations of 24 dispensaries and 3 hospitals under the purview of the Directorate.

This audit, which covered a five-year span from 2012 to 2017, aimed to evaluate the efficacy of the Directorate's initiatives and programs.

Specifically, the audit sought to determine whether these initiatives were effective in advancing the use of alternative medicinal systems in healthcare delivery, as well as to promote research and education in these domains.

The CAG Report exposed significant shortcomings in both planning and implementation of AYUSH-related schemes and programmes by the Directorate.

As per the Court's assessment, the Delhi government and the relevant departments including the Directorate were well-aware of the concerns raised in the CAG Report.

"The assertions in the affidavit indicate that that they have either already taken or are currently taking appropriate measures to address concern," the Court noted.

The Court further noted that in response to the report, the Delhi government had made alterations to procurement policies. It also noted that the government was addressing the need of conducting market surveys to detect illegal drugs, ensuring compliance with relevant laws and regulations and the deployment of drug inspectors in these processes.

Accordingly, the Court noted that since constructive steps were underway, a court-monitored investigation was not necessary.

Turning its attention to the prayer clause, the Court noted that it contained directions for the provision of "quality healthcare," ensuring the availability of "adequate" medicines with an appropriate "shelf life," overseeing the inspections of manufacturing units and championing "transparency and competition" in procurement processes.

These prayers, as per the Court, cast a wide and somewhat nebulous net. It reiterated that a foundational principle of our Constitution is that the judiciary must avoid encroaching upon the functions vested in the executive.

Furthermore, the Court noted that the petitioner had not approached the Delhi government first, and criticized the practice of filing PILs without prior communication with relevant authorities.

Finally, the Court acknowledged that the CAG report showed a marked increase in in-patient admissions and out-patient visits across all three hospitals and dispensaries of the Directorate during the period 2012-2017.

Stating that such a trend signifies a growing recognition and trust in the effectiveness of the Indian system of medicines, the Court urged the Delhi government to continue

to amplify the utilization of alternative medical systems in healthcare, and bolster research and education in these domains.

"The same must be achieved through strategic planning and efficient execution of AYUSH schemes and initiatives," the Court said.

The petitioner was represented by advocates Avinash Chaudhary, Surjeet Singh and Amit Naagar.

The Delhi government was represented by Additional Standing Counsel (ASC) Anupam Srivastava and advocate Ujjawal Malhotra. <https://www.barandbench.com/news/delhi-high-court-rejects-probe-irregularities-cag-report-on-delhi-directorate-of-ayush>

10. Delhi HC rejects plea for monitored probe into irregularities in AYUSH schemes (*hindustantimes.com*) Oct 06, 2023

A bench of Chief Justice Satish Chandra Sharma and Justice Sanjeev Narula rejected the plea citing constitutional principle that the judiciary must avoid encroaching upon the executive's functions

The Delhi high court has rejected a plea seeking a court-monitored probe into the alleged irregularities in the implementation of the Ayurveda, Yoga and Naturopathy, Unani, Siddha, and Homeopathy (AYUSH) related schemes, citing the foundational constitutional principle that the judiciary must avoid encroaching upon the functions vested in the executive.

A bench of Chief Justice Satish Chandra Sharma and Justice Sanjeev Narula on Thursday said the court cannot dictate procedures concerning medicine supply, purchase, detection of illicit drugs, unauthorised manufacturing, and retail units. "The intricate nature of procurement, healthcare standards, and administrative oversight is best addressed by the executive and legislature, which possesses, both, requisite expertise and the mandate for such tasks. Consequently, we must exercise restraint and avoid unnecessary intervention in such matters." It added such issues are policy-oriented and beyond the court's purview.

The bench said that a court-monitored probe is a significant step invoked typically in cases of a palpable sense of governmental neglect or oversight. It added that the same was not a mechanism to be resorted to routinely or without just cause. "We must preserve its weight for situations where the state appears either ignorant or non-cognizant of issues. Resorting to such an investigation without substantial reasoning could inadvertently diminish its efficacy," the bench said.

The petitioner Tarun Narang cited a Comptroller and Auditor General (CAG) report and said the AYUSH directorate failed to perform its functions effectively thereby leading to deficiencies and irregularities in the healthcare system.

In its report, the CAG cited shortcomings in planning and implementing AYUSH-related schemes after assessing operations of 24 dispensaries and 3 hospitals under the purview of the directorate from 2012 to 2017.

Narang argued the failure of the directorate denied citizens access to quality healthcare services in Delhi. <https://www.hindustantimes.com/cities/delhi-news/delhi-hc-rejects-plea-for-monitored-probe-into-irregularities-in-ayush-schemes-101696564586666.html#lnec5rp9ec65if48erl>

11. Vehicle hiring scam, J&K govt orders inquiry against 10 cops (*daijiworld.com*) 06 Oct 2023

The J&K government has granted sanction for inquiry against 10 policemen, including an SSP and his subordinate staff, for corrupt practices in hiring vehicles for Srinagar police control room.

The sanction was accorded to the crime branch under the Prevention of Corruption Act for conducting inquiry against 10 police officials for their involvement in vehicle hiring scam.

These officials include SSP Zubair Ahmad Khan, ASP Farhat Jeelani, DySP (retired) Mushtaq Ahmad, sub-inspector Nisar Ahmad, Head Constables Abdul Rashid and Fared Ahmad and constables Bilal Ahmad, Najamul Gani, Syed Tasweer and Tawseef Ahmad.

Police in July this year had sought sanction from the government for Crime Branch inquiry against these officials under the Prevention of Corruption Act 1988.

An official said that police control room Srinagar had hired private vehicles for carrying security forces and the officials have shown more than the actual number of the vehicles those were actually hired.

“Some of these vehicles had been provided fuel against proper receipt from the petrol pump, but were never used on the ground for security duty.

“Prima facie the involved officials have swindled the money causing huge loss to the state exchequer. The preliminary inquiry into the scam was going on for several months and once it was established that the fraud had been committed, police sought sanction from the government to formally conduct the inquiry against these officials”, sources said.

This is the second scam involving police control room Srinagar in vehicle hiring.

Some years ago, the Comptroller and Auditor General of India (CAG) report presented in then state Assembly had revealed that an amount of Rs 4.04 crore was paid for hiring of buses, trucks and light motor vehicles during 2014 Parliamentary and Assembly elections by the Jammu and Kashmir Police that turned out to be registered as scooters, motor cycles, non-commercial vehicles, including small cars, tractors and bulldozers or were non-existent. <https://www.daijiworld.com/news/newsDisplay?newsID=1127649>

12. Earthquake in Himachal: हिमाचल में हर साल आते हैं भूकंप, अंधाधुंध निर्माण पर हाईकोर्ट से लेकर कैग तक ने दी है चेतावनी (etvbharat.com) 06 Oct 2023

शिमला: साल 1905 में भयावह भूकंप झेल चुके हिमाचल प्रदेश के लिए प्राकृतिक आपदा को लेकर स्थितियां गंभीर हैं. हिमाचल प्रदेश भूकंप के लिहाज से संवेदनशील पांचवें जोन में आता है. हाल ही में 3 अक्टूबर को नेपाल सहित, अफगानिस्तान, पाकिस्तान व भारत के कई शहरों में भूकंप के झटके आए थे. हिमाचल भी इससे अछूता नहीं था. हिमाचल में हर साल औसतन 20 से 30 भूकंप आते हैं. कुछ लघुयानी छोटे झटकों को भी शामिल करेंतो ये संख्या और बढ़ जाती है.

हिमाचल पर भूकंप की तलवार: उदाहरण के लिए साल 2022 में हिमाचल में छोटे व मध्यम तीव्रता वाले 53 भूकंप आए थे. हालांकि बीते बरसों में भूकंप सेजान-माल का कोई खास नुकसान नहीं हुआ है, लेकिन खतरे की तलवार निरंतर लटक रही है. इस प्राकृतिक आपदा को लेकर हाईकोर्ट व कैग ने भी कई बार चेतावनियां जारी की हैं. कैग की साल 2017 की रिपोर्ट में दर्ज है कि ढलान पर बनेशिमला के मकान भूकंप आने पर तबाही का मंजर पेश करेंगे. हिमाचल हाईकोर्ट ने भी समय-समय पर अंधाधुंध निर्माण से जुड़ी याचिकाओं की सुनवाई पर राज्य सरकार को भूकंप के खतरे को लेकर चेताया है. गुरुगुवार को शिमला में सीएम सुखविंदर सिंह सुखू ने भी आपदाओं पर मंथन को लेकर आयोजित वर्कशाप में इस खतरे पर चर्चा की है.

कैग ने क्यों दिया न्यूजीलैंड का उदाहरण: शिमला के उपनगर चक्कर, संजौली, सिमेट्री, विकासनगर आदि में कई जगह अनियोजित निर्माण हुआ है. अधिकांश मकान ढलान पर बने हुए हैं. कैग ने इसी बात पर चेताया है. कैग की 2017 की रिपोर्ट में तत्कालीन प्रधान लेखाकार आरएम जोहरी ने कहा था कि यदि हिमाचल में बड़ी तीव्रता का भूकंप आता है तो भारी तबाही होगी. आरएम जोहरी ने कहा था कि हैती में आए भूकंप में हजारों लोग इसलिए मौत का शिकार हुए हैं, क्योंकि वहां बेतरतीब निर्माण हुआ था. वहीं, न्यूजीलैंड में ढलान पर इस तरह का निर्माण नहीं था, लिहाजा वहां हैती जितनी तीव्रता का भूकंप आने के बावजूद अधिक तबाही नहीं हुई थी. हिमाचल को भी इसी तरह के नियोजित निर्माणों की जरूरत है.

हाईकोर्ट दे चुका है कई बार चेतावनी: हिमाचल प्रदेश हाईकोर्ट ने इसी साल 12 फरवरी को राज्य सरकार को सोलन के समीप अंधाधुंध निर्माण पर चेताया था. हिमाचल हाईकोर्ट धर्मशाला, शिमला आदि में भी ऐसेही निर्माण को लेकर सख्ती दिखा चुका है. अदालत ने अपने आदेश में कहा हैकि वो कौन सी अथॉरिटी है, जो इस तरह के निर्माण की अनुमति देती है. पहाड़ियों को काट कर बहुमंजिला इमारतें बनाई गई हैं. भूकंप आने पर इस तरह के निर्माण नुकसान और तबाही को बढ़ातेहैं. इससे पहले हाईकोर्ट ने 26 नवंबर 2022 को एक याचिका की सुनवाई के दौरान टिप्पणी की थी कि अदालत भूकंप के लिहाज सेसंवेदनशील धर्मशाला में ऐसेनिर्माण की अनुमति नहीं दे सकती. इसी तरह साल 2018 मेंभी हिमाचल हाईकोर्ट तत्कालीन कार्यवाहक मुख्य न्यायाधीश न्यायमूर्ति संजय करोल ने धर्मशाला में अवैध निर्माण को लेकर हिमाचल सरकार को सख्त शब्दों में फटकार लगाई थी. अदालत नेटिप्पणी की थी कि क्या सरकार नींद मेंसोई हुई है, जो धर्मशाला में ऐसेनिर्माण हो रहे हैं?

हिमाचल में भूकंप: उल्लेखनीय है कि हिमाचल में कांगड़ा, चंबा, मंडी, कुल्लू व किन्नौर संवेदनशील जोन नंबर पांच के तहत आतेहैं. अपेक्षाकृत तीव्र झटकों के लिहाज सेदेखेंतो हिमाचल मेंसालाना 20 से 50 के बीच भूकंप आतेहैं. सुखद तथ्य ये है कि इन भूकंपों की तीव्रता बहुत अधिक नहीं रही है. अध्ययन बताता हैकि हिमाचल में सर्दियों के समय में अधिक भूकंप आतेहैं. जनवरी सेमार्चकी अवधि संवेदनशील

है. नए साल यानी वर्ष 2023 की शुरुआत में 14 जनवरी को धर्मशाला में भूकंप आया था. वर्ष 2021 में भी चंबा में जनवरी में ही धरती हिली थी. चंबा जिले में 6 जनवरी को 3.2 तीव्रता का भूकंप आया था. फिर वर्ष 2021 में ही जनवरी महीने में एक रात में मंडी, कांगड़ा, कुल्लू और बिलासपुर में तीन बार कंपन हुआ. फिर 2021 में फरवरी महीने में 13 तारीख को शिमला में भूकंप आया था.

हिमालय रेंज से हिमाचल में भूकंप का असर: साल 2022 में मार्च महीने में तो तीन दिन में तीन बार झटके महसूस किए गए. ये भूकंप चंबा व किन्नौर में महसूस किया गया. इनकी तीव्रता कम थी. नवंबर 2022 में 24 घंटे के भीतर चार बार धरती कांपी. तब मंडी जिले में आया झटका काफी तेज था. 20 दिसंबर 2019 को अफगानिस्तान के हिंदुकुश में भूकंप आया, जिसका असर ऊना, कुल्लू और कांगड़ा में भी महसूस किया गया. साल 2022 में 9 जनवरी को कांगड़ा की करेरी झील में भूकंप का केंद्र पाया गया, जिसके झटके मनाली में भी महसूस किए गए. इससे पता चलता है कि हिमालयन रेंज में होने के कारण अन्य स्थानों पर आने वाले भूकंप का असर हिमाचल में भी होता है.

हिमाचल ने देखी है 1905 की तबाही: साल 1905 में चार अप्रैल को कांगड़ा में आए विनाशकारी भूकंप में 20 हजार लोगों की मौत हुई थी. यदि दशक के आंकड़े देखें तो 2006 से 2016 तक हिमाचल में 75 बार भूकंप आए. एक दशक आए 75 भूकंपों में से चालीस बार उनकी तीव्रता चार से कम रही. सुखद बात ये है कि कम तीव्रता से जनहानि नहीं हुई. भूकंप के अध्ययन बताते हैं कि एक दशक में आए 75 भूकंप में से 15 बार इनका केंद्र नेपाल, जम्मू-कश्मीर, पाकिस्तान और अफगानिस्तान रहा.

1286 छोटे-बड़े भूकंप: विशेषज्ञों का मानना है कि लाहौल स्पीति जिले और जम्मू-कश्मीर से लगती सीमा 23 प्रतिशत बार भूकंप का केंद्र रही है. फिर कांगड़ा आठ प्रतिशत, किन्नौर पांच प्रतिशत, मंडी व शिमला छह-छह प्रतिशत व सोलन दो प्रतिशत केस में भूकंप का केंद्र रहा है. साल 2012 में 12 बार भूकंप आया था और सबकी तीव्रता चार से ऊपर थी. साल 2013 में 17 बार छोटे व मध्यम तीव्रता वाले भूकंप आ चुके हैं. हिमाचल में हर साल आते हैं भूकंप

1905 के बाद भी हुई है तबाही: साल 1905 का कांगड़ा भूकंप तो भयावह था ही, उसके बाद भी हिमाचल दहला है. साल 1906 में 28 फरवरी को कुल्लू में रिक्टर स्केल पर 6.4 तीव्रता का भूकंप आया. एक सदी में हिमाचल में 41 भूकंप ऐसे थे, जिनकी तीव्रता पांच से अधिक रही, लेकिन कोई नुकसान नहीं हुआ. साइंस व तकनीकी विभाग के प्रधान वैज्ञानिक अधिकारी एसएस रंधावा का कहना है कि हिमाचल प्रदेश में भूकंप का खतरा निरंतर बरकरार है, क्योंकि ये संवेदनशील जोन में है. उनका मानना है कि हिमाचल में नियोजित निर्माण कार्य जरूरी है.

शिक्षण संस्थानों में मॉक ड्रिल जरूरी: नेपाल में जब विनाशकारी भूकंप आया था तो उस समय हिमाचल से संबंध रखने वाली भूगोल विशेषज्ञ मीनाक्षी रघुवंशी ने यूएनओ के तहत राहत और बचाव कार्य में योगदान दिया था. उन्होंने नेपाल में सैंकड़ों भूकंप रोधी मकान बनाने में भूमिका निभाई थी. मीनाक्षी का कहना है कि हिमाचल में भूकंप रोधी निर्माण की बेहद सख्त जरूरत है. हिमाचल में जो अनियोजित निर्माण हुआ है, उसका ऑडिट किया जाना चाहिए. स्कूलों, कॉलेजों व यूनिवर्सिटी में भूकंप से बचाव के लिए नियमित अंतराल पर मॉक ड्रिल होनी चाहिए. भूकंप आनेकी स्थिति में सबसे अधिक सजग संबंधित जिला के प्रशासन को होना चाहिए. चूंकि हिमाचल एक पहाड़ी राज्य है, लिहाजा यहां राहत व बचाव कार्य में मुश्किलें आती हैं. ऐसा ढांचा पहले से मौजूद होना चाहिए जो आपदा आने पर तुरंत सक्रिय हो सके. <https://www.etvbharat.com/hindi/himachal->

pradesh/state/shimla/earthquake-in-himachal-high-court-and-cag-warning-on-earthquake/hp20231006090312818818001

SELECTED NEWS ITEMS/ARTICLES FOR READING

13. ‘Only 4% of MGNREGA budget available with five months to go in current FY’ (*millenniumpost.in*) 5 Oct 2023

Only four per cent of the budget for the flagship Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) remains available with five months to go in the current financial year, an analysis of the data uploaded by the Rural Development Ministry by a civil society group said.

An analysis of the figures on the Rural Development Ministry’s website by the NREGA Sangharsh Morcha showed that Rs 2,456 crore was available on October 4 under the scheme’s budget for this year.

The pending dues, including the wage, material and administration components, amount to over Rs 17,364 crore.

The Centre bears the whole burden of wage and administration components, while the expenditure under the material component is shared by the Centre and the State (75:25).

As per the data, West Bengal, which has not received dues for the MGNREGA and the Pradhan Mantri Awas Yojana (PMAY) for around last two years, has payments of Rs 4,106 crore pending.

Rajasthan has Rs 2,970 crore due, Bihar has Rs 1,054 crore, while Karnataka has Rs 968 crore pending. However, only Rs 2,465 crore of the allocated budget for the scheme is available, with many states having a negative balance.

<https://www.millenniumpost.in/nation/only-4-of-mgnrega-budget-available-with-five-months-to-go-in-current-fy-535532>

14. Goods and Services Tax — legal turbulence ahead (*cnbctv18.com*) Oct 05, 2023

The GST Council had recommended that the law be amended to give more clarity on several aspects —new definitions, increase in the scope of specified actionable claims, introduction of new clauses/provisos, new sections, amendments in existing sections, among others. These amendments were to be brought into effect from October 1, 2023.

The Goods and Services Tax (GST) is never away from the news. Given the sheer sweep of the levy, covering as it does all activities deemed to be supply (be it of goods or services), this is not surprising. But it would also suggest a fiscal legislation which is in a constant state of flux — and that is not a good thing for trade and industry.

Before I get into this, the good news first. GST revenue continues to show robustness. Rs 1,62,712 gross GST revenue was collected in September 2023, a 10 percent year-on-year (YoY) growth. The revenue for the six-month ending September 2023 crossed Rs 9.92 lakh crore, which is up 11 percent YoY. IGST continues to be the major

element of the GST revenue kitty. GST revenues in major manufacturing states Telangana, Tamil Nadu, Karnataka grew —as also in Manipur, J&K, which were among the 12 states which grew above the national average of 14 percent.

GST revenue's performance reflects the economy. The Centre for Monitoring Indian Economy (CMIE) points out that the consumer sentiments have risen by a sharp 4.3 percent in September 2023 as per the Consumer Pyramids Household Survey. The S&P Global India manufacturing PMI for September was 57.5 points — very impressive though down from 58.6 points of the previous month. E-way bills collections are more than 93.4 million indicating buoyancy in economic activity. The Government's push on capital expenditure has resulted in growth in steel consumption, capital goods production, cement production — all indicators of increased economic activity.

The first quarter (FY24) GDP figures indicate a growth rate of an impressive 7.8 percent, up from the 6.1 percent recorded in the last quarter of financial year 2023. The World Bank has projected India's FY 24 growth at 6.3 percent. Although it was lesser than RBI's forecast at 6.5 percent, still considered as very impressive when compared to other countries. India's growth rate is the second highest among G-20 countries and almost twice the average for emerging market economies.

On the flip side, global crude oil prices have been steadily going up hovering in the region of US \$93 per barrel. The current account deficit is still about 1.1 percent of GDP. The Indian Rupee continues to depreciate and is presently at 83.02 against the US dollar. Inflation is well above the RBI's red line —and could be a factor for the increased GST revenue.

Trade continues to face the challenges of global headwinds. India's overall exports (merchandise and services combined) in August 2023 has shown a negative growth even after the DGFT revised the June and July export data sharply. The delayed revision of any data is never good and calls into account the very integrity of data.

It is in this background that we should view the developments on the GST side. The issue of levy of GST on the actionable claims supplied in casinos, racecourses and online gaming which was hanging fire for more than two years was given finality in the 51st GST Council meeting. The Council recommended that these activities be taxed at 28 percent on full face value irrespective of whether these activities are a game of skill or chance.

The Council had also recommended that the law be amended to give more clarity. These amendments were to be brought into effect from October 1, 2023. Though never explicitly mentioned in the press note issued after the Council meeting, these changes were to be applicable from 2017 — when GST was introduced, as they were said to be only clarificatory in nature.

The amendments have accordingly been brought about by the Central Board of Indirect Taxes & Customs (CBIC) through corresponding notifications. The field formations have promptly issued notices — ranging from Rs 28,000 crore (the highest ever notice issued to any company so far) to Rs 20,000 crore. And the notices are bound to keep coming since the time limit under Section 73 of CGST will kick in.

All these notices are bound to be challenged and will result in prolonged litigation. While the decision to blur the distinction between games of skill and chance, or levy GST on the full-face value as against on the platform fee can perhaps be defended, the government will be hard pressed to defend the decision to levy it from 2017 — in effect retrospectively.

The amendments which have been brought in to implement the decision of the council are substantial — new definitions, increase in the scope of specified actionable claims, introduction of new clauses/provisos, new sections, amendments in existing sections.

Another piquant situation which has been created is that all States have not carried out the necessary amendments in their corresponding SGST laws.

Yet another legal standoff possibly awaits. Timsy Jaipuria of CNBC-TV18 has tweeted about a recommendation of the law committee to levy GST on corporate guarantees given by the parent to its subsidiary including guarantees given by directors.

Apparently, this is on the agenda for the forthcoming Council meeting. While there is a 2018 circular (No. 34/8/2018-GST) which states that guarantees given by Central Government/State Government to any entity including PSU's against consideration is taxable, the problem arises when the guarantee is given in a related party situation without any consideration. The challenge here is arriving at the value to assign to such guarantees. This is a thorny issue and the Council's decision will have repercussions.

All these legal challenges will have to be juxtaposed in the backdrop of the fact that the GST Tribunal is yet to start functioning. This has been badly delayed. The centre and the states will do well to ensure that the GST Tribunal is up and running. Given the deluge of notices being issued they are bound to have their hands full. <https://www.cnbc18.com/finance/gst-goods-and-services-tax-a-legal-turbulence-ahead-17960401.htm>

15. RBI MPC keeps India's GDP growth projection unchanged at 6.5% for 2023-24 (cnbctv18.com) Oct 06, 2023

The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) has kept its growth projection for India's GDP at 6.5% for the 2023-24 fiscal, Governor Shaktikanta Das announced on October 6, Friday.

“Real GDP growth for the current financial year that is 2023-24 is projected at 6.5% with quarter two at 6.5%; quarter three at 6% and quarter four at 5.7%. The risks are evenly balanced. Real GDP growth for the first quarter of next financial year that is '24-25 is projected at 6.6%,” Das said as part of his bi-monthly policy announcement.

Das noted that global headline inflation could remain high for longer than estimated, however, in contrast, domestic economic activity exhibits resilience on the back of strong domestic demand.

The RBI Governor said private sector capex is gaining ground, capacity utilisation in the manufacturing sector continues to trend up and that augers well for economic activity.

On the demand side, steady expansion seen in urban consumption and rural consumption is showing revival, he said, adding that healthy balance sheets of banks and corporates auger well for the economy.

"Looking ahead, domestic demand conditions are likely to benefit from sustained buoyancy in services, consumer and business optimism, government's continued thrust on capex, healthy balance sheets of banks and corporates, and supply chain normalisation," he said.

Headwinds from geopolitical tensions and geoeconomic fragmentation, volatility in global financial markets, global economic slowdown, and uneven monsoon, however, pose risks to the outlook, Das pointed out.

The central bank has also maintained its inflation forecast at 5.4% for the current financial year. However, for the second quarter (July to September), it expects CPI inflation to come in at 6.4% as against the projection of 6.2% earlier.

The headline inflation based on the Consumer Price Index (CPI) moderated to 4.6% in the first quarter of 2023-24 as compared to 7.3% in the same period a year ago. "A significant easing of inflation pressures from its exceptionally high level in July and August is expected to materialise in September as the impact of fleeting food price shocks wanes," Das said.

RBI has projected the CPI inflation for Q2 at 6.4%, Q3 at 5.6%, and Q4 at 5.2%. The risks are evenly balanced. CPI inflation for the first quarter of 2024-25 is projected at 5.2%. In the August monetary policy, too, the inflation for the current fiscal was projected at 5.4%.

Das said while growth remains on track, the declining trend in inflation was interrupted in July-August 2023 due to price shocks in certain food items. Volatile energy and food prices in the wake of lingering geopolitical tensions and adverse weather conditions render uncertainty to the inflation outlook. <https://www.cnbctv18.com/economy/rbi-mpc-keeps-india-gdp-growth-projection-unchanged-for-2023-24-fiscal-guv-shaktikanta-das-17968231.htm>

16. Save the carbon bubble: India's voluntary carbon market must be regulated and made to contribute to its climate goals
(*downtoearth.org.in*) Oct 05, 2023

Governments world over continue to issue regulations to rein in the voluntary carbon market, hold it accountable for its acts and ensure sharing of the proceeds with communities. But these steps may not work without international rules to regulate the market. In India, the voluntary market must be regulated and made to contribute to the country's climate goals

The free run of the voluntary carbon market may just be over. Governments across the world are increasingly concerned about the nature of this unregulated market. In May this year, the Zimbabwe government declared all voluntary carbon credit schemes "null and void", causing huge consternation to the developers of the projects. It said that the

government would take 50 per cent of the revenue from the projects and 20 per cent would go to communities. This was clearly too much for the market to bear and finally in August 2023, the government of Zimbabwe announced that the project developers could keep 70 per cent of the project proceeds, with the government charging 30 per cent as an environmental cess. However, it added that if local communities are affected, project developers would need to provide a quarter of their share of the proceeds.

Rwanda has declared that it would put a floor price on carbon offset projects of US \$30 (Rs 2,473)—which in turn would lead to better quality projects. In 2022, Papua New Guinea and Honduras issued a moratorium on voluntary carbon credit schemes. Indonesia, in June, issued regulations for carbon trading in the forestry sector, under which owners of the land would be allowed to trade in carbon credits. In August it announced the setting up of a national carbon exchange.

Then the Nigerian government has said that it is interested in linking emission reduction certificates from ongoing activities in the country to its Nationally Determined Certificates (NDCs). “We are entering a new phase of carbon markets,” Hugh Salway, head of markets at project certifier Gold Standard, told S&P Global, an American publicly traded corporation. “More governments may take steps that affect the voluntary market in the next months, some of which may present opportunities for investors and some may come with risks,” he added.

-If not properly evaluated, projects under the carbon market can lead to more GHG emissions

-The carbon market should be a real market, not a secret pact between a buyer and seller

-Countries have sold off all cheap options of emission reductions. They would now be in the balance sheet of foreign entities and will not be able to make investments in hard-to-abate options

India’s notification on carbon trade

India is enacting legislations and policies by different ministries—and it is not clear how coordinated these actions are—to create and regulate a carbon credits market and to incentivise people to join a green credits programme.

On June 28, 2023, the Union power ministry issued a notification on its Carbon Credit Trading Scheme. Under this, the government would constitute a National Steering Committee for the Indian carbon market. The committee would be tasked with the governance of the Indian carbon market and direct oversight of its functioning. The Bureau of Energy Efficiency, an agency under the power ministry would be the designated administrator of the Indian carbon market. It will also issue carbon credits based on the recommendations provided by the committee. The Grid Controller of India Limited shall act as the registry and the Central Electricity Regulatory Commission will be the regulator. The notification is silent on the voluntary carbon market or the issue of export of credits.

Simultaneously, the Union environment ministry in June 2023, notified the Draft Green Credit Programme Implementation Rules, 2023. The programme is a domestic voluntary market that incentivises voluntary environmental actions so that it promotes

government's Mission LiFE (Lifestyle for Environment). It has listed actions, including planting trees, which would get "green credits" and is described as "singular unit of an incentive provided for a specified activity delivering a positive impact on the environment". It goes on to say that an activity generating green credits under the green credit programme may also acquire carbon credits for the same activity under the carbon market. These green credits will be traded on a domestic market platform.

The steering committee will be in charge of governance while the administrator will be responsible for implementing the programme, including its management, monitoring and operation. The Indian Council of Forestry Research and Education will be the administrator, who will create technical or sectoral committees to develop methodologies, standards and processes for registration of green credit activities and grant of green credits. The trading service provider, accredited by the administrator, will look after the trading aspect.

Perhaps the most important aspect of this scheme is that it opens the compensatory afforestation activities by private entities to incentives and participation in the domestic carbon market. It will be important to see how the government plans to ensure verification of these credits, being done on non-forest land by private and public agencies.

Then, separately, as an implementation measure for the Paris Agreement, the government in February 2023, issued a list of activities that could be considered for trading of carbon credits under bilateral programmes under Article 6.2. This list includes renewable projects, including solar projects with storage, offshore wind, hydrogen and the best available technologies for the hard-to-abate sector. In this list, the government's effort is to ensure that bilateral trading of carbon credits is in the high-end sectors, which would be expensive for India to undertake. It would work for transformative action and not utilise the low-hanging projects, which are cheaper.

Way ahead

At the next UN climate conference (COP28) in Dubai later this year, the issue of regulation of a carbon market will be discussed. World leaders need to learn from the mistakes of the voluntary carbon market so that this new market mechanism, which is designed for transformation in the world, does not repeat those. One of the fundamental flaws of the voluntary carbon market is that it has no basis of the price that it puts on the project; at times it is inflated and at times it is so low that the project becomes unviable. It seems that the entire purpose of this market is to serve the interest of the retinue of project developers, auditors and all the others who make a cut in this carbon business.

The current carbon markets could end up increasing emissions in the world. The buyers of the credit—say an airline company that has assured its customers to offset their carbon footprint or a food company that has declared itself net-zero—have continued to emit; they have even increased their emissions, saying that they have bought credits. But as these credits have been over-estimated or do not really exist, the reductions are notional. This is a double-jeopardy. This is what the climate-risked world does not need.

So, what should be done differently? Here's five steps that can make this market effective.

Ensure transparency

The first, and the obvious step, is to ensure transparency in the market. The details of the projects should be listed. There should be information about the price that each credit has earned. DTE-CSE investigation into the workings of the big project developers, carbon registries and the big and small non-profits involved in this business showed there is no transparency; communities are unaware of carbon credits; there is over-estimation of carbon credits; ownership rights on trees of poor tribals have been transferred to private entities; and worse, there is no real sharing of benefits with the people who are required to change their behaviour. In this way, the gains of the project would be fictitious as the design is flawed. If governments want to design a mechanism that has credibility, it must be based on rules and transparency.

Pay for real change

The second step is to decide once and for all the objective of the market—voluntary, bilateral or multilateral—and design rules accordingly. If the purpose of the market is to invest in projects that will lead to reduction in emissions in different parts of the world, then the market must be based on paying for the real cost of the projects. Consider renewable energy projects, which are critical for making the transition to clean energy in countries of the South. The current voluntary carbon market pays a fraction of the capital cost of these projects in India. It is just a sprinkle of sugar on the already paid-for cake—paid, in many cases, through the scarce public finances. This is when the capital cost of these clean energy projects is still lower than if the investment was made in already industrialised countries, which need to offset emissions. So, the carbon markets could be made to pay for this in the countries of the South, at lower costs—but not dirty cheap. This is the real issue.

It is the same with biogas, which allows households to switch from burning polluting biomass in stoves to using clean energy. They could leapfrog to low-emission technologies. But currently, the voluntary market is farcical in its pricing of this community energy device. It pays anything between 2 and 7 per cent of the cost of building the device; in most cases, the rest is paid by the Indian government's subsidy programme. In this immoral business, the rich who need their emissions offset, are being subsidised by the poor communities and governments.

In the case of nature-based solutions, the question again is the cost of planting trees, the cost of labour to take care of the trees and the opportunity cost of the land, which is being used for sequestering carbon.

The market has to be “real” and not based on the mechanisms of a non-transparent exchange between buyers and sellers. In the design of the voluntary or official carbon market, it would be important to put a floor price to carbon credit. The Rwandan government's proposal of \$30 (Rs 2,473) per credit would be a good starting point.

Share the proceeds

The third step to ponder on is who this market is meant for. Currently, the market only seems to work in the interest of the project developers and, of course, the paraphernalia of consultants and auditors. This also means that it is ineffective in terms of real emission reduction. The communities get virtually nothing from the proceeds and this means that they also have no stake in the emission reduction programme.

Take the issue of household devices, in this case, cooking stoves. This market segment is growing exponentially. Understandably so, as it is lucrative for the project developers. In this case, the cost of the stove, which is what is given to households in order for project developers to earn credits, is a small component of their overall earnings. The cost of the improved cookstove, which is all that households get in terms of carbon credit benefits, adds up to barely 20 per cent of what the developer would earn over the five to six years of lifespan of the project. In other words, 80 per cent of the carbon revenue is kept as profits and it is a handsome amount as each such project has thousands of devices to be distributed. And, this is assuming that the devices are supplied for free. At place, as we have found, poor households have actually paid for this cookstoves, against which the developer and its rich offset clients have made a killing.

The fact is that there is no incentive for these households to keep using the stoves. If they were receiving money annually, there would be some incentive for compliance. It is the same with all other such projects, from growing trees to installing biogas plants to abate and avoid emissions. If communities continue to earn and get a substantial share—not peanuts—of the proceeds of the carbon market they would be part of the project of change. In this way, they are just used and discarded.

So, the carbon market must be required to share the proceeds annually with communities and this should be verifiable and substantial. This is also what the original Zimbabwe proposal said. It is important we listen to this and not the profit motives of this creative carbon market accountants.

Keep it simple

The fourth is to accept that the voluntary carbon market also shows how the all the King's smart men have fallen. Despite spending on verification, auditing and registration, these agencies seem to have got so much wrong. They cannot even calculate the emission reduction of one cookstove—Greenways says its stove reduces 2-4 tonnes of CO₂e each year; EKI says the reduction is 5.7 tonnes. We know that this has to do with thermal dynamics of a small household device but there is no way it can be so different, especially as the fuel used is still wood. Then they cannot get the baseline right and assume that distributing an improved device will mean automatic emission reduction.

All this means over-estimation of emission reductions—we have literally fudged the data. One lesson that must be learnt is to keep the project design simple and not to trust the army of consultants and profiteers in this business. It means keeping their role minimal and to keep the control of projects with public institutions and people.

Countries must account

The fifth and the most crucial lesson is that the ownership of trees grown on the land of the tribals in Araku valley has been transferred to a foreign entity. Let's for a moment, forget that these lands are under Schedule V of the Indian Constitution, which prohibits any outsider from diverting the claim of tribals. The fact is that these trees are grown by people on their lands. Under which agreement can any agencies have the right to decide on how the tree will now be used—harvested or not. It is the same question when it comes to countries. Even more so.

Under the Paris Agreement all countries have taken on emission reduction targets. These are voluntary, but submitted to the UN Framework Convention on Climate Change and are expected to be complied with. This means India has a commitment as submitted to reduce emission intensity of its economy; to augment non-fossil energy so that it can meet 50 per cent of its electric power requirements by 2030 and to increase the “sink”—grow forests to sequester carbon. These are part of our nationally determined contributions (NDC) under the Paris Agreement. This is unlike the time of the Kyoto Protocol and its Clean Development Mechanism (CDM), when countries like India did not have nationally determined targets. Now, we have to reduce emissions.

The question is, in whose account should these carbon credits be listed? This is not a hypothetical question. But a real one. To achieve the target of 50 per cent of our electric power requirements from non-fossil fuel sources, every megawatt of renewable power, including hydroelectricity, will need to be counted and factored in. But 675 Indian renewable energy projects are registered under Verra and Gold Standard registries for 268 million carbon credits, of which 148 million have also retired (or claimed against offsets). So, how can these be accounted for in the Indian NDC? Or can they? Will this not lead to double accounting?

It is the same with nature-based solutions. India’s submission to UNFCCC is that it will “create an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through additional forest and tree cover by 2030”. It is also known that the bulk of afforestation is happening in trees outside forests (TOFS, as they are known). So, who gets to account for these trees, which, in the case of Araku Valley, are now “owned” by Livelihoods Funds?

This is why the voluntary carbon market must work within the confines of the government’s NDC—it has to contribute to this. The only “exportable” credit has to be the one that is expensive for the country to do—where there is an advantage for the country as it can transform its emission trajectory.

The fact is that the current voluntary carbon market is based on cheap options and this means that countries have “sold” off the lowest-hanging fruit—the options of emission reductions that they could afford. They would now be in the balance sheet of foreign entities and governments. This will only mean that countries will not be able to afford to make the investments in the hard-to-abate options; and these will contribute to emissions and jeopardise our common future. Both the voluntary or official carbon markets must work within rules that are designed for integrity—not just for companies, but for communities and the planet.

<https://www.downtoearth.org.in/news/climate-change/save-the-carbon-bubble-india-s-voluntary-carbon-market-must-be-regulated-and-made-to-contribute-to-its-climate-goals-92107>