NEWS ITEMS ON CAG /AUDIT REPORTS

1. Gurugram spent ₹217cr on maintenance, kept no record *(timesofindia.indiatimes.com)* Mar 9, 2024

Chandigarh: The Gurugram Metropolitan Developmen Authority (GMDA) spent Rs 217.02 crore on maintaining and operating the assets it received from various agencies, all without taking the official inventory into its record. A report that Haryana principal accountant general (audit) submitted in the assembly's recent budget session brought it to light.

The report highlighted the absence of adequate accounting and auditing, besides non-clarification of accounts worth Rs 36.19 crore related to GMDA's expenditure, investment, and liability items.

The accountant general had checked the GMDA balance sheets of 2018 to 2021, and the current audit report relates to the year 2018-19.

The first audit report had come out in 2022, while GMDA was formed in 2017 with immovable assets such as water, sewerage, drainage, and road networks moved in the year 2018-19 from Haryana Shehri Vikas Pradhikaran (HSVP), Haryana State Industrial and Infrastructure Development Corporation (HSIIDC), and Gurugram's municipal corporation. The report suggests that GMDA didn't add its maintenance cost to the inventory. The status of these assets remained the same, while GMDA spent another Rs 144.26 crore on maintenance and operations.

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While it added that to the next year, the financial statement for the year 2020-21 was not clear. Seven non described items in the GMDA accounts book include Rs 2.1 crore expenditure item, Rs 2.69 crore liabilities item, Rs 27.83 crore investment item, Rs 3.35 crore capital works in progress, and Rs 16 lakh receipt items.

The report also suggests that in the audit period, GMDA didn't have a system for internal audit or physical verification of the fixed assets and inventory. https://timesofindia.indiatimes.com/city/chandigarh/gurugram-metropolitan-development-authority-spends-rs-217cr-on-maintenance-without-maintaining-official-inventory/articleshow/108339950.cms

2. Don't physically verify dairy and HR&CE stock: TN Director General of Audit *(newindianexpress.com)* 11 Mar 2024

D Jaisankar, DGA, told TNIE that physical verification of stocks is beyond the scope of audit functions.

CHENNAI: Tamil Nadu Director General of Audit (DGA), who oversees audit department in the state, has instructed auditors of the milk cooperative, HR&CE, local fund audit department and others not to conduct physical verification while assessing stocks at the end of the financial year. Instead, the audit department has been told to use stock details from the departments concerned for annual auditing. The revised methodology will come into effect from March 31 and a directive to this effect was recently issued to the respective audit directorates.

D Jaisankar, DGA, told TNIE that physical verification of stocks is beyond the scope of audit functions. “The audit department also lacks the wherewithal to carry out such a huge exercise. The maintenance of stock data is a responsibility of respective department administrations, not of auditors,” he said.

‘Bid to help hide maladministration’

He claimed the decision to eliminate physical verification of stocks aligns with practices followed by the Comptroller and Auditor General of India (CAG). He stressed that auditors should not engage in administrative roles, which would be both ineffective and pose unnecessary interference in departmental administration. “We have rectified the incorrect practice that had been in place for years,” he said.

A section of activists in the dairy industry, however, have alleged that the move is an attempt to help Aavin and other departments conceal maladministration. Some auditors from the milk cooperative department too have said this decision lacks legislative backing and is aimed at preventing the mismanagement of dairy stocks, such as butter, milk powder, and ice cream, at dairy plants from becoming public knowledge.

“During annual stock verification on March 31, auditors have previously highlighted several irregularities. Now, auditors will have to rely only on the data provided by the departments,” said an audit inspector on the condition of anonymity. Although physical verification was previously conducted for selected samples, it served as a wake-up call for the administration to address management gaps at all levels, he added.

“Exempting physical verification of stocks from audit department roles requires amendments in accordance with the TN Cooperative Act, rules, and bylaws. The directive indeed raises huge suspicion over the alleged mismanagement in dairy development and Aavin over the last few years,” said a retired Aavin employee.

However, official sources from Aavin said the department, in light of the DGA directive, has taken steps to hire internal auditors for stock verification and financial assessment.

“Tenders have been issued to appoint internal auditors for a few dairy plants. We will submit our records to the audit department,” a senior official from Aavin said.

The audit functions of departments like milk cooperative, HR&CE and local fund audit were headed by the respective department’s head until a few years ago. In 2020, the audit operations were transferred to the finance department to improve audit efficiency and transparency in administration. https://www.newindianexpress.com/states/tamil-

nadu/2024/Mar/11/dont-physically-verify-dairy-and-hrce-stock-tn-director-general-of-audit

3. Telangana: Kaleshwaram project officials to be questioned by NDSA today *(siasat.com)* 9 March 2024

The National Dam Safety Authority (NDSA) has formed a six-member committee to inspect and study the design and construction of Medigadda, Annaram, and Sundilla barrages of the project.

The National Dam Safety Authority (NDSA) has summoned engineering, quality control and maintenance officials of the Kaleshwaram project for questioning on Saturday, March 9.

The National Dam Safety Authority (NDSA) has formed a six-member committee to inspect and study the design and construction of Medigadda, Annaram, and Sundilla barrages of the Kaleshwaram Lift Irrigation Scheme (KLIS), on the request of the Telangana government.

The committee has summoned all stakeholders involved in the investigation, hydrology, model studies, designs, construction, quality control and operation and maintenance of the barrages since the inception of the project.

The NDSA team visited the Kaleshwaram project on March 6 and inspected the damaged barrages.

The committee, led by J. Chandrashekar Iyer, former Chairman of the Central Water Commission, is investigating the reasons behind the sinking of the Medigadda barrage pillars and observed the distress in the two upstream barrages, Annaram and Sundilla.

The committee, which has been given a deadline of four months to submit its report to the NDSA, includes U.C. Vidyarthi, a scientist from the Central Soil and Materials Research Station, Pune; R. Patil, a scientist from the Central Water and Power Research Station; Shiv Kumar Sharma from the CWC; Rahul Kumar Singh; and Amitabh Meena, both Directors of NDSA, as official members.

CAG report on Kaleshwaram
The Comptroller and Auditor General (CAG) report that was tabled in the state Assembly this month stated that the multi-purpose Lift Irrigation Project on the Godavari River in Telangana's Kaleshwaram of the previous BRS in Telangana is "economically unviable."

The cost of the Kaleshwaram project is now likely to exceed Rs 1.4 lakh crore (Rs 1,47,427.41 crore) as against the cost of Rs 81,911.01 crore projected to the Central Water Commission (CWC), the CAG report stated.

The absence of a comprehensive plan duly spelling out the sources of funds for a project of this scale will have a long-term impact on the finances of the State, and is an indication of improper planning, the CAG report stated.

https://www.siasat.com/telangana-kaleshwaram-project-officials-to-be-questioned-by-ndsa-today-2989156/

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. Defence Budget 2024 and India's deep tech leap *(orfonline.org)*

08 March 2024

The government's aim to facilitate deep tech investments to augment defence systems and security infrastructure is a step in the right direction

The latest Defence Budget has placed notable emphasis on facilitating deep technology investments, in line with the government's unwavering push towards "Aatmanirbharta". Militaries around the world have begun tapping into their deep tech startup ecosystems to find innovative solutions to defence challenges. Countries like the United States (US), France, and Germany, and groupings like the European Union (EU) are actively exploring potential military applications across emerging technologies like artificial intelligence (AI), robotics, augmented reality, amongst others. Deep technologies like AI, big data analytics, blockchain, robotics, quantum computing, etc. have extensive applications in augmenting defence systems and security infrastructure. Given the changing contours of warfare in India's neighbourhood, the intent of timely investment in such technology is a strategic move that will not only put India ahead with respect to its adversaries but also be advantageous in future battlefields. However, while the allocation of INR 1 lakh crore towards long-term deep tech loans for youth and companies seems to be a step in the right direction, it is still early to predict the future course as investments in deep tech, focused particularly in the defence sector remain unclear.

Given the changing contours of warfare in India's neighbourhood, the intent of timely investment in such technology is a strategic move that will not only put India ahead with respect to its adversaries but also be advantageous in future battlefields.

Relevance of deep tech innovation in defence

Deep tech in defence holds crucial importance today. Militaries realise that aspects like automated logistics through robotics and drone swarms, AI-aided projection and planning, and augmented soldiers through brain-machine interfaces can transform strategic and tactical capacities on and off the battlefields. Additionally, overcoming adversity through innovations in drone technology, quantum computing, hypersonic delivery mechanisms, etc. can aid armed forces in better preparing against their adversaries. Essentially, the unprecedented asymmetry introduced by disruptive capabilities has sparked interest even in smaller countries like Ukraine.

In India's case specifically, deep tech aligns perfectly with the aspirations of 'Atmanirbharta' as mentioned in the defence budget, thereby, reducing import burdens. Emerging startups can be incentivised to build solutions in areas like AI-powered satellite analytics, automated logistics drones, and secured quantum communications systems that cater to context-specific military problem statements and challenges. Domains like ruggedised electronics, survivability equipment and reliable cold weather systems can overcome geographic and terrain constraints faced by India. Furthermore, the asymmetric capabilities offered by innovations like lethal autonomous drones,

advanced munitions, high altitude sensors, etc. also maximise warfare potentials without excessive platform costs. Hence, the rapid indigenisation and flexibility promised by next-gen technologies make them a strategic priority from both capacity and budget perspectives for India.

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Role of Indian defence innovation ecosystems

The recent budgetary support for deep tech and startups aligns well with defence innovation programmes like (iDEX) launched in 2018. iDEX provides grants to startups and connects them to incubation facilities while floating problem statements by the armed forces for innovative solutions. The Department of Defence Production has approved funding of approximately INR 500 crore for the Innovations for Defence Excellence (iDEX) scheme under the Defence Ministry over the next five years starting 2021-22. This scheme aims to boost indigenous innovation in defence technology by financing startups, MSMEs, and individual innovators through the Defence Innovation Organisation (DIO).

With the prospects of the budget now spurring deep tech investments explicitly, iDEX can double down on sponsoring startups in emerging tech domains like AI, quantum, nanotech, etc. other than just focusing on conventional engineering products. iDEX must expand its horizon beyond traditional defence manufacturers to tap the potential of ventures specialising in scientific breakthroughs across cutting-edge disciplines.

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The framework to test concepts quickly through design partnerships followed by upscaled production promises faster tech assimilation in the forces. But truly disruptive indigenisation requires investing in the building blocks of next-gen technologies through all stages: research, experimentation, and implementation support. It is where initiatives like iDEX can play a major role in shaping India’s deep tech innovation.

Challenges to India’s quest for deep tech

India's aspirations to utilise deep tech capabilities to its advantage come with several structural and technological challenges. The initial investment of INR 1 lakh crore proposed in the interim budget is set for a period of 50 years. Therefore, even if INR 2000 crores is invested yearly, it is too early to predict the returns. Moreover, the focus of investment is largely civilian and made for commercial purposes, which could spur spin-off for deep tech in defence. It is important to note that not all deep tech innovations will have dual or military uses.

Building renowned R&D ecosystems within premier institutions like the Indian Institute of Technology (IIT) is integral for talent development and idea incubation.

Beyond budgetary constraints, the lack of skilled manpower well-versed in niche domains like quantum computing, AI, and nanotechnology, amongst others, is a bigger

challenge. Building renowned R&D ecosystems within premier institutions like the Indian Institute of Technology (IIT) is integral for talent development and idea incubation. Similarly, ensuring regular funding avenues, consistency in large mission-mode projects and proactive stabilisation of startups through corporate partnerships for specialisation absorption are imperative for impactful output. Holistic execution from research to product development is emerging positively but it needs to stand the test of time. Addressing issues across the value chain—right from nurturing talent to providing integration support for cutting-edge solutions into defence systems—is vital for the fruits of deep tech research to translate into real military capabilities. A combination of academic rigour, investment consistency, commercialisation pathways, and public-private vision alignment is the recipe for India to reap fruits from its deep tech quest. https://www.orfonline.org/research/defence-budget-2024-and-india-s-deep-tech-leap

5. Spain's Submarine Declared Compliant for Navy Deal worth Rs 43,000 Cr, Trials to Begin Soon: Reports *(republicworld.com)* 10 March 2024

Spain's submarine has been given the green light for a massive deal with the Indian Navy. The deal, worth a whopping Rs 43,000 crore, is set to move forward as the submarine has been declared technically compliant, according to media reports. This means that it meets all the necessary requirements and is ready for further testing.

Amparo Valcarce, Spain's Secretary of State for Defence, shared this update with an Indian newspaper. She mentioned that Spain is not only interested in supplying submarines but also in collaborating on producing ammunition and missiles. The submarine deal for the Indian Navy's Project 75I is for the acquisition of six submarines. These submarines will be built in India, which will further help the Indian defence ecosystem assimilate more knowledge and understanding of submarine making. The joint bid by L&T and Navantia (Spain) has been given the green light to move to the trial stage.

AIP Integration to Begin Soon

Valcarce explained that the next step involves testing the Air Independent Propulsion System (AIP) of the submarine design. L&T and Navantia are working towards starting these trials in the coming months. This is a crucial phase as it will prove the submarine's, possibly the S-80 plus class, ability to stay underwater for extended periods, a key requirement for the Indian Navy.

The German firm ThyssenKrupp Marine Systems (TKMS) is also vying for the contract with the Spanish government-owned company Navantia. Despite earlier speculation, Navantia is ready to undergo trials, reports added.

Not only Subs or Planes but More

During her visit to India, Valcarce met with senior government officials to discuss further cooperation. She assured them of Spain's willingness to meet all technology transfer requirements and support the project fully. Spain sees India as a 'crucial partner' in ensuring stability in the IndoPacific region. As per claims, in addition to the submarine deal, Spain is also interested in participating in the construction of landing platform docks (LPDs) for the Indian Navy. The Spainyards want to collaborate with an Indian partner to manufacture these locally.

Defence Secretary Giridhar Aramane & Spanish Secretary of State for Defence Amparo Valcarce Valcarce also, during her conversation with Defence Secretary Giridhar Aramane spoke about ongoing cooperation between the two countries, such as the manufacturing of C-295 transport aircraft for the Indian Air Force. This project demonstrated Spain's ability and willingness to transfer technology, with the majority of the planes set to be made in India. "Both sides reviewed the ongoing projects and discussed future joint plans in the maritime and air domains. They appreciated the increased interaction at the business-to-business level between the defence industries of both countries, including an ongoing visit from the Spanish defence industry association TEDAE to India," an official statement from the Indian Defence Ministry said following Valcarce 's visit. https://www.republicworld.com/defence/spain-s-submarine-declared-compliant-for-navy-deal-worth-rs-43000-cr-trials-to-begin-soon-reports/

6. Challenges for the Army: Politicisation, Prioritising Counter-Insurgency and a Modernising Adversary *(thewire.in)* 08 March 2024

China has recently announced its defence budget, which conceals the actual extent to which India's neighbour has gone about modernising its armed forces. India has seen politicisation of its services and priorities which make its tasks tougher.

India's most ambitious and totally outdated military reform 'Integrated Theatre Commands (ITCs)' appears to be dead and one wonders if it was ever a serious proposition.

ITCs meant that elements of the three military services (two, the army and the air force, in case of land wars on the Line of Actual Control with China and the Line of Control with Pakistan) would be brought permanently under a single commander for jointness and synergy in operations.

Jointness in operations implies that all services fight together as a 'joint force', and synergy means that they should be able to complement one another. For instance, army assets in the land domain should have the capability to hit the enemy's assets in the air domain, such as fighters or incoming missiles. Thus, for land war, the 'joint force' would comprise army and air force assets with cross-domain capability and with the army as the lead service since boots on the ground are essential for occupation of territory.

Behind the veneer of ITCs which involved major structural reforms, the real purpose for the Modi government was to kill two birds with one stone: retain superannuating army chief, General Bipin Rawat in uniform to ensure that the military served the ruling political party's agenda rather than the national interest that it was constitutionally sworn to do. And to project the government's commitment to national security by ostensibly undertaking long pending military reforms to strengthen war preparedness. Never mind that those reforms were past their expiry dates.

The two overdue reforms were: the post of Chief of Defence Staff (CDS) as suggested by the 2002 Group of Ministers recommendations following the Kargil review committee report, and the recommendation of the December 2016 Shekatkar committee report to create ITCs to fight better on the military lines with Pakistan and China. These

committees were constituted by the Vajpayee and Modi-led BJP governments respectively.

General Rawat was ideal?

A bit on why General Rawat was ideal for the post of the CDS as envisioned by the Modi government. This was mostly as he was past master at projecting military victory where there was none.

During his three-year tenure as army chief, Rawat planned the so-called 2016 surgical strikes and the 2019 Balakot air strikes against Pakistan. He also flexed military muscle against the People's Liberation Army (PLA) during the 2017 Doklam crisis which resulted in projecting Prime Minister Narendra Modi — by unscrupulous mainline media — as the sole leader with the courage to challenge both adversaries at once.

Bipin Rawat, Former Chief of Defence Staff of the Indian Armed Forces. Photo: Wikimedia Commons/Integrated Defence Staff/GODL License.

The reality was all three episodes were disastrous for India as they exposed the operational shortcomings of the Indian Army and the Indian Air Force (IAF). This led China to conclude that India did not have the political will to escalate to hot war beyond grey zone operations. Confident of its assessment, the PLA may have ended up occupying nearly 2,000 square kilometres of Indian territory by multiple incursions in east Ladakh in April 2020.

Thus, towards the fag end of his tenure, Rawat made the case of how his continuation in service as India's first CDS would make the military strong and resilient for modern warfare. This was a good reason for the Modi government to anoint Rawat as the CDS with a three-year tenure from January 2020 to December 2022 where his declared mandate was to raise ITCs for optimal operational outcome through jointness and synergy amongst the three physical services on land, air, and sea. His real job was to align the military leadership (especially the army, being the largest of the three services) with the government's right-wing ideology.

It was not accidental that emulating the PLA's example of its loyalty to President Xi Jinping (who wore combat fatigue in his two roles as the chairman of the Central Military Commission and the commander-in-chief) rather than the nation, Modi became the first Indian prime minister to don military uniform to assert that he was the topmost field commander.

Modi discharged his duty as India's senior-most commander by making it clear to the armed forces early in his tenure that its focus should be preparedness, not for a hot war, but grey zone operations on both military fronts. Grey zone operations terminology was first enunciated by US Special Operations Forces in 2015 to describe all hostile activities below the threshold of war.

For militaries, these operations comprise intimidation, coercion, and cognitive confrontation by non-kinetic means like cyber-attacks, counter space capabilities for satellites disablement, information warfare, cutting of internet subsea cables and so on with the only rule for these operations being no rules. The PLA calls grey zone

operations Military Operations Other Than War (MOOTW). It has refined these operations since China believes that they help in negotiations with an adversary as well as dent his will to fight.

Thus, addressing his first combined commanders conference in October 2014, Modi told the military leadership that 'the threats may be known, while the enemy may be invisible.' The 'threat' meant the Pakistan military and the 'enemy' were terrorists. With this operational directive, Modi formalised the military's role in counter terrorism (CT ops), which are grey zone operations.

The 2016 surgical strikes qualified as grey zone operations since to avoid an escalation into war, the Indian Army informed the Pakistan Army even before it announced to the people of India that its mission of CT ops across the LC was over. Similarly, when the Pakistan Air Force reacted to IAF's Balakot strikes the following day with precision air attacks near Indian Army installations, the IAF conceded that Pakistan's action was an act of war, but there was no retaliation.

In both cases, the objective was to use the military to contribute to the ruling party's electoral campaigns. Similarly, during the 2017 Doklam crisis with the PLA, India declared tactical victory when latter events proved that China had probably outsmarted India by amassing thousands of its soldiers without being labelled as aggressors since the onus of escalation was on the Indian Army which was the first to bring its forces close to the LAC. Thus, the politicisation of the Indian military under Rawat was accomplished.

While starting his term as the CDS on January 1, 2020, Rawat made two things clear regarding the ITCs: one, the army would be the lead service in the ITCs. And two, the IAF would be in a support role to the army. Both his assertions betrayed his poor understanding of modern warfare where the PLA (identified as India's primary threat) is at the cutting edge of both, the science of war (technology) and the art of war (war concepts). It also remains well versed with military art which is about the exploitation of new technologies with new war concepts for optimal favourable outcome in war.

Counter-terror ops detracted from the main role

Given its deep involvement in CT ops in Jammu and Kashmir since 1990, the Indian Army lost sight of its primary task of preparedness for hot war.

To this date, the Indian military follows the outdated US military's 'Air-Land battle' war concept of the eighties. Given two war domains or battlespace of air and land, the IAF and the army focus on their core competencies for war while coordinating their war plans with one another.

The army's core competencies are combined arms operations where its combat (infantry, armour, engineers) and combat support arms (artillery) complement each other on the spatial battlespace. The latter is an artificial construct divided into tactical and operational level with the focus on 'winning the first battle'. Meanwhile, the core competencies of the air force are speed, range, flexibility, and precision strikes.

In all wars, including the last full-scale war between India and Pakistan in 1971, the air force was in support of the army's operations since boots on the ground for capture and holding of territory were essential. The winner and the vanquished were determined by tactical battles of attrition where assets like tanks, guns and so on with each side mattered. Victory in such tactical wars necessitated that each service first and foremost concentrates on its core competency in its battlespace.

Things changed with the infusion of technology into both services, faster in the IAF since aviation always has the cutting edge technology of the time. So, by 2000, the IAF started talking of strategic reach with its limited combat assets implying that it should do independent operations, and not be tied to supporting army's war plans. Thus, it was natural for the IAF to not accept Rawat's archaic ITC concept which necessitated it to permanently part with some limited assets to commander ITC or to agree to a support role to the army.

Tracking the competition: What are we up against?

Before proceeding further, it would be instructive to understand through the PLA's military art why India's ITCs reform was outdated.

By 2010, the US military, which was closely watching the PLA's rise, concluded that it had become its peer competitor. By the infusion of technology, the PLA had acquired capabilities to fight in the three (two virtual and one physical) domains of cyber, electromagnetic spectrum and outer space in addition to the three traditional domains of land, air and sea.

Capability to fight in a domain meant the ability to combat, confront and compete as well as manage the best options in it against a peer adversary. This is distinct from a 'force multiplier' which, as the name suggests, is meant to boost fighting capability in an existing domain like land, air and sea. By this time, China also became the world's largest shipbuilding nation.

Moreover, in the traditional domains, the PLA had shifted the focus to areas which for lack of technology were unexploited earlier. For example, in the air domain (up to 20km altitude from ground) where fighter aircraft and drones could fly, the PLA created a new space called 'near space' from 20km to 100km altitude above ground beyond which 'outer space' was used by satellites.

The 'near space' was to be exploited by PLA's hypersonic cruise missiles and hypersonic glide vehicles, a capability the US military lacked. Similarly, in the sea domain, the 'deep sea' at depth of 300meters and below was to be preferred for war fighting with sea drones and submarines.

Once Chinese President Xi Jinping assumed power in November 2012, he decided to roll out the Belt and Road Initiative (BRI) across Eurasia, Africa, Latin America, and Oceania-Pacific islands. This required the PLA to take on two additional roles: protect Chinese assets, infrastructure, and interests in the BRI nation, and create deterrence for safety of its commercial trade through the Sea Lanes of Communications across the Asia Pacific region. China is also determined to re-unite claimed Taiwan and Tibet with the mainland. The latter refers to south Tibet or the Indian state of Arunachal Pradesh.

And after India created the Union Territory of Ladakh following the abrogation of Article 370 in Jammu and Kashmir, China announced that Indian Ladakh being part of the Aksai Chin also belongs to it.

The added PLA tasks and its grown capabilities necessitated development of new war concepts along with appropriate structural reforms to optimise its war outcome. So, in 2014, the PLA announced its new military strategy with three highlights: Three new war domains of cyber, outer space, and electromagnetic spectrum; naval warfare; and the concept of Joint Integrated Operations (JIO). In the JIO, the PLA decided not to follow the US military concept of 'joint force' (which is being blindly emulated by Indian military as part of ITCs) but to create 'mission sets': strike packages specific to missions.

Regarding structural changes, after three years deliberations, the PLA announced in 2015 military reforms where Western Theatre Command (WTC) was raised specifically for war with India. These reforms were to be accomplished in five years, that is, 2020, the year it occupied Indian territory in east Ladakh. In four years since, the PLA has collected data and identified targets in combat space and the whole-of-nation to unleash its doctrine called 'systems destruction warfare'. China, today, has the capability to shut down Indian civilian life as well as destroy communications (the lifeline of command and control) in the combat zone or battlespace.

Thus, unlike the Indian military which talks of a border war with China on the LAC, the PLA has prepared for a war of sovereignty to wrest Arunachal Pradesh and Ladakh from India. Not prepared for an occupation war by China, the Indian military has instead conflated it with grey zone operations on the LAC. Following the worst grey zone operations in recent memory on June 15 2020 in the Galwan valley where Indian army lost 20 soldiers with hundreds made prisoners by the PLA, Indian military leadership has told the nation that it has done re-balancing of forces from the Pakistan front to the LAC to take on the PLA challenge. The added benefit for the army leadership in believing that a border war with China is the worst-case scenario is that it continues to retain its status as lead service for a border war.

Grey zone ops being prioritised?

The cue for military leadership to focus on grey zone operations on the LAC has come from the prime minister who in September 2022 told the Russian President Putin that 'this was not an era of war,' notwithstanding that it is the opposite of it. In great power contestation where the global geopolitics has shifted from Europe to Asia Pacific with US' superpower status under challenge by China and Russia, the world has entered the unprecedented phase of wars, struggles, and strategic competition to reshape the world order.

Moreover, since grey zone operations are manpower heavy as on the LC with Pakistan, every bit of Indian territory on the LAC must be guarded against enemy transgressions and incursions. Hence, the army is on a spree to raise new formations. The latest is the raising of 18 corps (which has under it a division and three independent brigades) in February this year for guarding the middle sector in states of Himachal Pradesh and Uttarakhand.

The Indian Army now has seven corps (namely, 14, 18, 33, 3, 4, 1, and 17) on the LAC, with two of them — 1 and 17 corps — called strike corps. Never mind that (a) land domain will have minimum role in war with the PLA, and (b) strike corps with counterattack capability will be meaningless against China which will start and end the war by total domination of strategic and operational levels of war. Once this is done, the PLA has AI powered drones with facial recognition systems to take out hundreds and thousands of Indian soldiers with their communication potentially snapped at all levels of command.

Furthermore, since China has vibrant defence-industrial complex, it would have prepared required land-based missiles under its organisation called Rocket Force, and long-range precision artillery to threaten identified Indian targets with intense rates of salvos.

Coming back to ITCs, they are of little help when the Indian military has limited assets, imports specialised ammunitions, has a frugal inventory of land-based missiles, and importantly, it has capability to combat only in three physical war domains. Without domain capabilities in cyberspace and electromagnetic spectrum no modern war can be won. Thus, the need is to study PLA's 'systems destruction warfare', create new war domains instead of seeking force multipliers, and for the military leadership to understand that politicisation undermines war-preparedness. https://thewire.in/security/challenges-for-the-army-politicisation-prioritising-counter-insurgency-and-a-modernising-adversary

7. Make AI Mission inclusive *(thehindubusinessline.com)* Updated: March 10, 2024

A significant portion of the funds should be allocated to tier-II/III cities

The government's decision to launch a ₹10,372-crore AI Mission is a welcome step. This was long overdue as countries like the US and China have already made giant strides in this space over the last two decades.

The government's move comes at a time when some individuals and groups are making efforts to create India-specific large language models and small language models. The amount allocated looks small for a country like India and for the infrastructure that would be required to support AI initiatives and start-ups. But of significance is the recognition of the problem and the opportunity ahead.

Going by the initial remarks of Commerce and Industry Minister Piyush Goyal, the funds would be deployed to democratise computing access, improve data quality and develop indigenous AI capabilities. The Mission is also aimed at attracting top AI talent, providing start-up risk capital, and driving responsible and inclusive growth of the country's AI ecosystem.

While we have to wait for the guidelines on how these funds would be deployed across multiple objectives, the government's move would drive private investments into the AI ecosystem. It would give confidence to the industry, particularly venture capital funds, prompting them to mobilise funds for AI research and start-ups. While top-tier

IT companies have already announced huge investments in AI, the move would drive others to join the fray.

The announcement also indicates the willingness of the government, one of the biggest consumers of IT products and services, to deploy AI-based solutions for various use cases.

While the intent seems to be good, it remains to be seen how it will be rolled out. It should break the traditional route of deploying funds in the top 4-5 IT hubs in the metros. A significant portion of the funds should be allocated to tier-II/III cities to make the AI revolution democratic and inclusive. https://www.thehindubusinessline.com/opinion/columns/from-the-viewsroom/make-ai-mission-inclusive/article67936530.ece

8. India's AI leap: bridging the gap *(livemint.com)* 11 Mar 2024

The just announced National Mission on AI ensures that all the necessary building blocks needed by India to shape the future of AI for India and the world are in place.

Though Prime Minister Narendra Modi and the Union government have been talking about 'Making AI in India' and 'Making AI Work for India' for some time now, there was a worry that the lack of powerful AI compute infrastructure could hold India's AI ambitions back. After all, India did not have the big GPU (Graphics Processing Unit) farms that are required to train and run Large Language Models (LLMs) and Transformer Models, which form the core of Generative AI offerings.

The Cabinet meeting of 7 March, chaired by the PM, which approved the comprehensive national-level IndiaAI mission with a budget outlay of ₹10,371 crore, should allay the fears. The money allocated to help build the all-critical GPU infrastructure through a public-private partnership model addresses the infrastructure gap that many feared would hold back India's AI efforts. It completes the building blocks that are needed to make India a hub for AI research and innovation.

Three things are crucial for progress in AI research. One is AI talent – which the government is trying to address by getting the best minds in academia and private sector involved. The IndiaAI Innovation Centre, which will undertake the development and deployment of indigenous LMMs, and the earlier announced three AI Centres of Excellence in premier technology institutes will pull together the AI brainpower required for the research projects.

The second critical requirement is humungous amounts of data and here India starts off with an advantage. The country generates the second largest amount of digital data in the world, only behind China, because of Digital India initiatives, mobile broadband affordability and availability and finally the numerous social media and other platforms on which citizens communicate and transact daily. The AI Mission will create the IndiaAI Datasets Platform to make non-personal data easily available for AI research and innovation.

The third crucial thing is computing power – and this was where India had a disadvantage for long. AI research requires extremely high computing power, with tens

of thousands of the latest and most powerful GPUs harnessed together. The US chip company, Nvidia, produces the most powerful AI-focused GPUs and has 80% market share. Its latest generation chip – the H200, unveiled a few months ago – costs between $25,000 and $40,000. (Its rivals AMD and Intel have the remaining 20% but their chips have lagged Nvidia's in power).

Global AI firms such as OpenAI, Google, Meta, Amazon, Microsoft, Anthropic and others have raised resources and not only taken up most of Nvidia's AI-focused GPUs but also booked its future products. This year, the capital spending on AI compute infrastructure by Silicon Valley Tech giants is estimated to cross $32 billion.

Nvidia, however, also offers its own GPU-cloud infrastructure, the Nvidia DGX cloud, which is an AI supercomputer in the cloud to those who do not wish to build their own compute infrastructure. So, for India, the choice would be to hire compute capacity in one of the US-based AI compute infrastructure that is available.

Building a domestic, highly scalable national AI compute infrastructure with latest generation GPUs, which would be available to the Indian AI research ecosystem as well as start-ups, and which offers AI as a service as well as pre-trained models, will fill this gap, providing the necessary condition for Indian innovation to flourish.

The public-private partnership model that the government is proposing is likely to work particularly well as two big business groups are already partnering Nvidia to build AI compute infrastructure in the country and they would be interested in working with the government because it would provide immediate utilization for any infrastructure built.

The ₹10,372 crore that the government has budgeted may need to be augmented over a period of time but it is enough to start with now.

Of course, the Cabinet clearance and the allocation for AI compute infrastructure will not automatically make India an AI super-power. The AI talent for research and innovation needs to reach a critical mass. The AI compute infrastructure will need some time to be built and become available for researchers and start-ups.

Most important of all will the regulations and laws that now need to be drafted in detail and passed. This is where considerable attention and effort of policy makers will be needed now. For example, there is a need to ensure that non-personal datasets are clean and available without too much bureaucracy to the researchers, innovators and start-ups.

Apart from the Digital Personal Data Protection Act (DPDP Act), that is already in place, the lawmakers will need to pass more AI data regulations, ensuring that these maintain the delicate balance between being available to innovators while preventing them from being used for malicious purposes.

Finally, the rules for Safe AI, Responsible AI and Ethical AI will need serious discussions and debate before being passed.

But well begun, they say, is half done. And a good beginning has been made by the AI mission that was cleared. https://www.livemint.com/ai/indias-ai-leap-bridging-the-gap-11710140690633.html

9. Ethical Frameworks, Global Cooperation & AI Governance

(kashmirreader.com) March 11, 2024

Artificial Intelligence (AI) and automation are reshaping global politics, economies, and societies, bringing forth both challenges and opportunities. They necessitate a crucial re-evaluation of political structures, ethical norms, and governance frameworks, demanding adaptation, and global cooperation in a swiftly evolving world.

The influence of AI on global labour markets is widely debated, offering efficiency and growth but also posing challenges like job displacement and inequality. Automation in manufacturing streamlines processes and reduces costs. A notable example is that of the automobile industry having implemented robotic assembly lines to increase production efficiency. Similarly, in the services sector, AI chatbots and automated customer service platforms have revolutionized customer interaction, offering personalized and efficient service options.

The economic impact of AI extends beyond sector-specific improvements. According to a report by PricewaterhouseCoopers (PwC), AI could add up to $15.7 trillion to the global economy by 2030, with productivity and consumer demand being the primary drivers of this growth. This projection highlights the transformative potential of AI in fostering global economic development.

Research conducted by the University of Oxford suggests that up to 47% of US employment is at risk of automation over the next two decades, highlighting the vulnerability of jobs in sectors like; transportation, logistics, and office administration. AI-induced job displacement could exacerbate economic disparities, widening the income gap between AI-skilled and automation-prone workers, and necessitating targeted policy interventions to mitigate its social and economic impacts.

The World Economic Forum's "Future of Jobs Report 2020" highlights the evolving nature of work in the age of AI, predicting that 85 million jobs may be displaced by automation by 2025, while 97 million new roles could emerge in the same period. These new roles, often in emerging tech sectors such as AI and green energy, pressing the importance of reskilling and upskilling initiatives to prepare the workforce for the jobs of the future.

Global examples of policy responses to the challenges posed by AI include the European Union's investment in digital education and training programs to enhance digital literacy and skills among its workforce and Singapore's Skills Future initiative, which provides citizens with access to lifelong learning opportunities and skills development resources.

AI integration in surveillance systems improves global security and privacy, balancing individual privacy rights with public safety, enabling real-time monitoring and accurate threat identification. For instance, China's extensive surveillance network utilizes facial recognition technology to monitor public spaces, contributing to the identification and

apprehension of suspects. Similarly, in the United States, cities like Chicago have implemented AI-driven Operation Virtual Shield, integrating thousands of cameras with analytical software to detect criminal activities and enhance law enforcement responses.

Reports of surveillance technologies being employed to monitor and control minority populations, as observed in Xinjiang, China, exemplify the severe human rights implications associated with the misuse of AI surveillance. AI surveillance technologies' extensive reach raises ethical concerns about privacy erosion, consent, data protection, and potential surveillance overreach due to a lack of transparency and accountability.

The EU's GDPR is a significant step in response to the challenges posed by AI-enhanced surveillance towards regulating the use of personal data, including provisions that could be applied to govern AI surveillance practices. Similarly, the call for a global moratorium on facial recognition technology for mass surveillance by the United Nations High Commissioner for Human Rights underscores the international community's concern over the implications of unchecked AI surveillance. Legal and ethical guidelines for AI surveillance should involve a multi-stakeholder approach, ensuring transparency, accountability, and human rights standards to prevent misuse of surveillance technologies.

AI in military technology is revolutionizing warfare with autonomous weapons systems (AWS), posing ethical, strategic, and legal debates due to their potential for hazardous environments and improved targeting precision. For instance, the United States Department of Défense has invested in the development of autonomous drones capable of performing reconnaissance missions and precision strikes with minimal human oversight. Similarly, Russia has announced the development of AI-powered combat systems, including the Uran-9 unmanned combat ground vehicle, designed to perform a variety of combat tasks autonomously.

However, the deployment of AWS raises critical ethical and moral questions, particularly concerning the accountability for decisions made by machines, the potential for unintended civilian casualties, and the dehumanization of warfare. The lack of clarity on how autonomous systems can adhere to international humanitarian law, including the principles of distinction, proportionality, and precaution, further complicates their integration into military arsenals.

The international community has responded to the challenges posed by autonomous weapons systems with calls for regulation and oversight. The United Nations has hosted a series of meetings under the Convention on Certain Conventional Weapons (CCW) to discuss the implications of lethal autonomous weapons systems (LAWS) and explore potential regulatory frameworks. Despite these discussions, consensus on the definition of autonomy in weapons systems and the scope of regulation remains elusive, highlighting the complexity of the issue.

Several non-governmental organizations (NGOs) and advocacy groups, such as the Campaign to Stop Killer Robots, have urged for a pre-emptive ban on the development and deployment of fully autonomous weapons, arguing that such systems would fundamentally alter the nature of warfare and pose unacceptable risks to humanity.

AI governance is a critical challenge, especially in AWS, due to rapid advancements outpacing existing regulations. Ethical considerations like fairness, transparency, and accountability are essential to align AI deployment with global ethical standards and human rights principles.

The European Union (EU) has been at the forefront of addressing these challenges through legislative measures. The proposed AI Act by the EU is a pioneering effort to establish a legal framework for AI governance, setting out rules and standards for AI development and use across its member states. This Act categorizes AI systems based on their risk levels to human rights and safety, imposing stricter requirements on high-risk applications, including those used in military and surveillance contexts. The Act's emphasis on transparency, data protection, and accountability aims to mitigate the risks associated with AI technologies while fostering innovation within a secure and ethical framework.

Similarly, the Global Partnership on Artificial Intelligence (GPAI), launched by leading economies including Canada, France, Japan, the United Kingdom, and the United States, seeks to support the responsible development and use of AI-based on shared values of human rights, inclusion, diversity, innovation, and economic growth. The GPAI serves as a forum for international collaboration, bringing together experts from industry, government, civil society, and academia to advance the global understanding of AI technologies and their implications.

The deployment of autonomous weapons systems has intensified the ethical debate within the context of AI governance. Concerns over the loss of human oversight in life-and-death decisions and the potential for AWS to be used in ways that contravene international humanitarian law have prompted calls for international treaties and ethical guidelines specifically addressing military applications of AI.

Efforts to establish international norms for AWS have been evident in the discussions under the United Nations Convention on Certain Conventional Weapons (CCW). The CCW has hosted a series of meetings aimed at exploring the legal and ethical dimensions of lethal autonomous weapons systems, though progress towards a binding international agreement has been slow, reflecting the complexity of the issues at hand and the divergent views among member states.

The governance gap in AI, especially in AWS, necessitates a multi-stakeholder approach, involving national governments, international organizations, the private sector, academia, and civil society. For instance, the IEEE Global Initiative on Ethics of Autonomous and Intelligent Systems represents a collaborative effort to develop ethical standards for AI and autonomous systems, emphasizing the importance of prioritizing human well-being in the design and deployment of these technologies.

The impacts of AI extend across all domains of our existence, permeating every corner of our lives. The necessity for well-informed discourse, ethical contemplation, and international cooperation becomes increasingly significant. By nurturing a global conversation on the ramifications of AI and automation, we can excel towards ensuring that these advancements are harnessed for the greater good, bolstering our shared security, prosperity, and overall welfare. This piece condenses the prevailing debates and apprehensions surrounding the influence of AI. As artificial intelligence continues

its rapid evolution, continuous research, adaptation, global collaboration, and ongoing dialogue will be indispensable in effectively addressing the complex challenges and opportunities it presents. https://kashmirreader.com/2024/03/11/ethical-frameworks-global-cooperation-ai-governance/

10. Economic Shocks like Note-Ban, GST, COVID Dragged Consumption Expenditure in the Last Decade: Report *(thewire.in)* 09 March 2024

Real rural consumption grew at a CAGR of 3.1% during 2012-23 as compared to 6.6% in 2010-12, while urban consumption slid to 2.6% from 5.2%, said Nomura in its report.

New Delhi: Demonetisation, goods and services tax (GST) implementation, and the COVID-19 pandemic have led to a slowdown in consumption expenditure growth in the previous decade as compared to the preceding decade.

These shocks have affected both rural and urban consumption patterns, Business Standard reported, citing Nomura's report, on Friday (March 8).

Lower compound annual growth rate

The Nomura analysis, based on the latest Household Consumption Expenditure Survey, shows a lower compound annual growth rate (CAGR) for rural and urban consumption compared to previous decades.

"Real rural consumption grew at a CAGR of 3.1% during 2012-23 (compared to 6.6% in 2010-12), while urban consumption slid to 2.6% from 5.2%," Business Standard quoted the report as saying.

"During 2005-10, rural and urban consumption in real terms grew at 4% and 4.4%, respectively," it said.

"Even if we deflate expenditure by using suitable measures of inflation, we find a similar CAGR drop in real consumption expenditure, indicating that the fall is not an inflationary phenomenon. This is not surprising, with the last decade witnessing shocks such as demonetisation, GST implementation and the pandemic," it said.

Divergence in urban-rural consumption growth

The report also noted that the nominal growth over the last decade (2012-2023) has been relatively more superlative for rural consumers.

Rural consumption has gone up by 164% during 2012-23 period in comparison with around 146% for urban consumption, suggesting convergence in consumption levels. Earlier, between 2000-12 period, rural consumption grew by 194% compared with 207% in urban areas.

The report highlighted that inequality reduction in both rural and urban households has been driven by reductions in consumption among top spenders rather than increases among the bottom-most spenders.

However, the situation is relatively better for urban India. “Rural India seems to be experiencing a ‘middle-class bulge’, which has seen maximum consumption growth among the consumer fractile classes, while growth has been much lower for the top spenders. The pattern is different for urban households, where the bottom consumption brackets have seen maximum consumption growth, which has progressively declined as we move into the higher brackets. This may be because the middle class in rural India seems to have benefited more from handouts than their urban counterparts,” the report noted.

Changing consumer trends

Further, the report highlighted the changing consumer tastes. The data on consumption patterns shows that over the past decade, Indian consumers are spending less on food and more on ‘core’ (non-food and fuel) categories — more so in rural India.

“Within the food categories, there has been an increase in the share of spending on beverages and processed food and fruits. These are typically indicative of more expensive and discerning consumer tastes. Within the core basket, consumers are mainly spending on conveyance and durable goods. The former suggests that consumers are increasingly becoming more mobile and also possibly that transportation costs have disproportionately picked up. The rise in durable goods consumption suggests that aspirational consumption has picked up,” the report added.

On the flip side, the report also noted an increase in the share of spending on intoxicants and toiletries, other household consumables and entertainment.

“Consumers are ‘curiously’ spending a lower share of their income on clothing, footwear and education,” it said.

Economic shocks impact consumption

Several reports highlighted how demonetisation had a significant impact on small- and medium-sized businesses.

While demonetisation accelerated digitalisation for many small industries, micro industries faced instability, Rajiv Chawla, president of Faridabad Small Industries Association, had told the Economic Times in 2017. He said they lacked preparation and weren’t involved in the black economy. “Workers like dholwalas, dhaba owners, plumbers, and daily wage earners primarily dealt in cash and were unfamiliar with digital transactions.”

Separately, while GST improved economic efficiency, critics say the complexities of the new regime have driven many small enterprises out of business and forced hundreds of thousands out of jobs, The Wire reported.

A survey by the All India Trade Union Congress (AITUC) in July 2018 found that a fifth of India’s 63 million small businesses – contributing 32% to the economy and employing 111 million people – faced a 20% fall in profits since the GST rollout, and had to sack hundreds of thousands of workers.

Readymade garments, gems and jewellery, leather, handicraft and basic machinery manufacturing are hit the most, industry bodies from across the country said.

In April 2020, just after the nationwide lockdown was announced, over 122 million people in India lost their jobs in a single month, the Hindu reported citing estimates from Centre for Monitoring Indian Economy. Around 75% of them were small traders and wage-labourers, it said. https://thewire.in/economy/economic-shocks-like-note-ban-gst-covid-dragged-consumption-expenditure-in-the-last-decade

11. Securing India's water future *(financialexpress.com)* March 9, 2024

While access to water improves, the focus should now be on maintaining the infrastructure.

The importance of drinking water cannot be emphasised enough in a country like ours. The central government's Jal Jeevan Mission (JJM) has been the umbrella scheme to provide access to tap water in rural India. It is heartening to see that the government is giving due attention to water and sanitation – a fact reflected in recent Union Budgets. The Budget for fiscal year 2023-2024 had allocated `70,000 crore for the JJM, while the Interim Budget for 2024-25 has announced `70,163 crore for the same. The money has clearly been used to good effect, with the JJM having successfully provided tap water connections to 142.5 million rural households (almost 74%) of a total of 192.6 million till date, as per government data.

In fact, both the JJM and Swachh Bharat Mission (SBM) give us a stellar opportunity to push the needle on the coverage of infrastructure with their huge public investment and high political will. However, challenges persist in some states, and while the current Budget will undoubtedly advance the implementation of these programmes, there is a need to improve the operation and maintenance (O&M) of the infrastructure being created under the programmes, while also creating a future-proof mechanism for delivery of quality services.

India and AI application

Encouraging community engagement
While the JJM's aim is laudable and, in all likelihood, India will achieve universal coverage at some point, the concern will shift towards ensuring that water flows continuously through these taps. However, what is to be borne in mind is that taps and pipes will eventually break and will need repairs. Besides, groundwater that supplies water for most of these schemes may dry up or get contaminated.

The geological and demographic diversity of our country challenges the notion of a centralised management system to keep these schemes running. Hence, a decentralised, community-based approach is needed for local ownership and sustainable management of water for ensuring sustainable and equitable access to services. Despite the involvement of private operators, without community engagement, it is a challenge to ensure accountability. Also, since the impact of climate change is very contextual, having a localised response mechanisms helps in agility as well as developing context specific responses.

For this, we need to shift from a project/mission mode to setting up utilities for ensuring access to sustainable water and sanitation services. Identifying and skilling the right service providers, giving them the right incentives to perform and making them accountable to some institutions for support and oversight, needs to be developed. This will entail tasks for operations and maintenance of assets, tariff collection, grievance redressal, and sharing relevant information and knowledge.

To emphasise and encourage a sense of community ownership, the JJM asks the local communities to contribute 5-10% of the total capital cost towards the water supply infrastructure in the village, depending on the terrain and the social demographics. The communities are then awarded with a revolving fund, after the successful implementation of the scheme, to meet any unforeseen expenditure and to ensure long-term sustainability of the scheme.

Training water user committees and developing a network of 'Jalabandhu' mobile mechanics has already proven to be effective in maintaining and repairing water points across the country. Art and theater can be used to promote safe water, sanitation, and hygiene practices. It is also a good idea to encourage school children to participate in community-level awareness initiatives and take ownership of water and sanitation facilities.

Last, but not the least, private organisations should partner with local leaders, communities, and governments to find ways to ensure that water, sanitation, and hygiene services are used responsibly and sustainably.

Managing access to groundwater

Tap water is mostly sourced from groundwater, but the major chunk of groundwater in India is used for agriculture. The dependence on groundwater for supplying drinking water is very high (> 90% in rural). The same groundwater (aquifer) supplies for agriculture as well (> 70%). The piped water schemes through JJM can fail if aquifers run dry. There is thus an urgent need for manging groundwater as a common pool resource for fair and transparent allocations for multiple uses.

Preserving freshwater ecosystems is crucial for maintaining the water balance and supporting biodiversity. A budget allocation for the rejuvenation of water bodies and afforestation around catchment areas can enhance water availability and quality, which needs to be ensured to have positive health outcomes. There is a need to strengthen the surveillance infrastructure and use the water quality testing data for empowering and informing citizens and authorities alike for taking preventive or mitigating measures. There is also a need to democratise water testing and incentivise solution building. The private sector can play an important role for providing these services under a common standards framework.

Collective and collaborative onus

Water, however, is not the responsibility of governments, local bodies, or private organisations alone; everyone can and should contribute to achieving this mission. All it takes is simple precautions such as disposing chemicals safely; using fertilisers judiciously; turning off taps after use; checking for leaky taps and getting them fixed; and acquiring and spreading water education.

There is also a dire need for our infrastructure to be climate-resilient given the environmental vagaries. It is critical for services to be adaptive and to protect our freshwater ecosystems that are our first line of defence. We need to focus on resilience building and adaptation, keeping in mind how rainfall and temperature play out in specific geographies and demographies. Having this as a risk mitigation strategy will help in reducing the vulnerabilities of many communities and our investments in assets.

These seemingly simple and obvious water management practices are valuable investments that will help us create a water-secure tomorrow for ourselves and future generations.
https://www.financialexpress.com/opinion/securing-indias-water-future/3419680/

12. OMCs to absorb LPG price cut, unlikely to be compensated by government *(indianexpress.com)* March 10, 2024

Public sector oil marketing companies (OMCs)—Indian Oil Corporation, Bharat Petroleum Corporation, and Hindustan Petroleum Corporation—will absorb the financial impact of the Rs 100-per-cylinder reduction in cooking gas prices announced Friday and the Centre does not plan to compensate them for it, according to highly placed sources in the government.

The OMCs on Saturday slashed the price of liquefied petroleum gas (LPG) for all domestic LPG consumers by Rs 100 per 14.2-kg cylinder in line with Prime Minister Narendra Modi's announcement that cooking gas prices were being reduced on the occasion of the International Women's Day on Friday. This price cut by the government comes just days ahead of the likely announcement of the 2024 Lok Sabha polls, and is likely to benefit nearly 33 crore households across India.

"There is no thinking within the government to compensate the OMCs for the LPG price reduction," said a senior government official, requesting anonymity. The official added that LPG prices for domestic household consumers are not fully deregulated, so the companies are required to follow the government's decision and deal with its financial implications.

Officials with the OMCs said that given the strong financial health of the three companies at present, they should be able to absorb the hit rather comfortably as they had the necessary headroom to accommodate the price cut. All three companies reported robust earnings for the first three quarters of the current financial year 2023-24 (FY24). However, it would have been a different story if they experienced the kind of stress they went through in the previous financial year when energy markets turned extremely volatile in the aftermath of Russia's invasion of Ukraine.

As per ballpark estimates based on FY23 data on active LPG connections and average refill rates, around 181 crore refills in terms of the standard 14.2-kg LPG cylinders were consumed by households in India in that fiscal. Assuming the LPG refill rates and consumer base remain similar to FY23 levels, the financial impact of the latest price cut would be around Rs 18,100 crore on an annualised basis.

This is the second instance of the government announcing a reduction in LPG prices for households in the current fiscal. Ahead of the Assembly polls in five states, a price cut of Rs 200 per cylinder was announced on August 29.

Usually, the OMCs bear the financial implications of price cuts, while the subsidy bill is footed by the Centre. Currently, LPG subsidy is only provided to poor households under the Pradhan Mantri Ujjwala Yojana (PMUY), and is not available to all household LPG consumers. However, there have been instances in the past when the OMCs sold LPG at reduced prices amid high international fuel price volatility, with the government later providing them with financial assistance to cover the losses they incurred on that count.

For instance, the government provided a special one-time grant of Rs 22,000 crore to the three OMCs in 2022 to compensate them for selling LPG at a loss, which had resulted in accumulated losses of around Rs 28,000 crore. The grant came at a time when the OMCs were grappling with significant losses, particularly in the fuel retail segment due to soaring prices in the international market and the companies' inability to pass those to domestic consumers. However, the companies have now largely recovered from the losses incurred during that period. https://indianexpress.com/article/business/omcs-lpg-price-cut-not-compensated-government-9205016/

13. MP: AMRUT Schemes Fail to Solve Drinking Water Crisis

(freepressjournal.in) March 11, 2024

Despite the plan implemented keeping in mind the population of up to 30 years, there is no sufficient supply of drinking water.

Even after two AMRUT schemes worth crores of rupees, there is extreme water scarcity in Pithampur. Despite the plan implemented keeping in mind the population of up to 30 years, there is no sufficient supply of drinking water.

Expressing their anguish over the crisis, councillors and residents wrote a letter to the Madhya Pradesh Industrial Development Corporation (MPIDC) for the use of the Narmada water supply and Sanjay reservoir water only for drinking water. Before the tenure of the two previous councils, there was a lot of applause for bringing Narmada water to Pithampur through the Chief Minister Drinking Water Scheme of Rs 27 crore and then the AMRUT Scheme of more than Rs 100 crore.

However, the effect of both these schemes is not visible at the ground level. Every year from the last week of February, an artificial water crisis is being shown by saying that the inflow of water in the water reservoir and Narmada river is decreasing.

Due to the lack of good engineers for proper maintenance and leaving all the work in the hands of contractors, clouds of water crisis are looming in Pithampur. Despite repeated demands from councillors and residents, Narmada water has not reached the wards. At present there is sufficient water here, but MPIDC also takes water for the industries from here, hence in view of the upcoming water crisis, the municipal council has written a letter to the collector demanding to release water from Omkareshwar Dam into Narmada and water from Sanjay Reservoir to the industries.

https://www.freepressjournal.in/indore/mp-amrut-schemes-fail-to-solve-drinking-water-crisis

14. State of affairs: 5 U'khand MPs fail to spend 64% of MPLAD funds, says RTI *(newindianexpress.com)* 10 Mar 2024

DEHRADUN: As the term of the 17th Lok Sabha nears its completion, five Bhartiya Janata Party MPs from Uttarakhand have failed to utilise 64 per cent of the funds allocated to them for constituency development, shows data received through an application filed under the Right to Information ACT.

The RTI reply revealed that Rs 54.49 crore remains unutilised out of the total allocation of Rs 85 crore under the Member of Parliament Local Area Development Scheme (MPLAD) to the representatives of Tehri, Pauri, Nainital, Almora, and Haridwar constituencies.

In response to advocate Nadeem-udeen's RTI query, the public information officer of the Uttarakhand rural development commissioner, Hemanti Gunjial, shared the data.

"As of December 2023, the state's five MPs had utilised only Rs 30.51 crore out of the allocated MPLAD fund of Rs 85 crore," said the reply.

"The current five MPs in Uttarakhand are eligible to receive a total of `85 crore in MPLAD fund. However, due to failure to submit utilisation certificates in respect of expenditure of previous installments, audit reports, etc., Rs 22.02 crore has not been released till December 31, 2023," Nadeem-udeen said.

"While interest amounting to Rs 3.42 crore has been added to the Rs 62.98 crore received from the Centre, making a total of Rs 66.4 crore in MPLAD funds, as of December 2023. A sum of Rs 32.47 crore has not been spent", said Nadeem-udeen.

WHAT THE RTI REPLY SAYS

-Rs 85 CR allocated to five BJP MPs under Member of Parliament Local Area

-Development Scheme: Rs 54.49 CR remains unutilised till December 31, 2023

-The MPs represent Tehri, Pauri, Nainital, Almora, and Haridwar constituencies

-As of December 31, only Haridwar MP Ramesh Pokhriyal and Pauri MP Tirath Singh Rawat have received the full Rs 17 CR

-Others have not got full amount due to failure to submit utilisation certificates
https://www.newindianexpress.com/nation/2024/Mar/10/state-of-affairs-5-ukhand-mps-fail-to-spend-64-of-mplad-funds-says-rti