NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Why the third tier of government needs a status upgrade *(financialexpress.com)* April 9, 2024

Issue of devolution to Panchayats must be addressed by giving States skin in the game.

Finance Minister Nirmala Sitharaman's recent statement that the Narendra Modi government in its expected third term will undertake major reforms at the third level of the federal structure of government has brought the local bodies (LBs) and their below-potential existence, into focus again.

Even three decades after the Constitution mandated the setting up of empowered local self-governments at the level of Panchayats and municipalities, these institutions have not been able to acquire the financial and policy-making powers envisaged at the time of the constitutional amendment. As a result, key objectives of governance aren't being met at the desired pace, even in cases where budget outlays have risen meaningfully. The objectives that are work in progress include ease of investments and doing business, achieving optimal outcome of the government's welfare budget, making programmes flexible to the needs of the society and addressing disparity across regions in accomplishment of sustainable development goals.

Experts have long blamed the states, which were empowered to give effect to the Constitutional provisions, for their lack of interest in conducting regular elections of the local self-governments, devolving adequate powers to them, and boosting their financial resources. Of late, there have also been concerns that Central government programes are designed with lesser involvement of states in decision-making, and that the conditions imposed in regard to transfer of assorted central funds to states/LBs are restrictive, and without due regard to specific local needs.

The Centre's focus should be on reforms to address local bodies' capacity constraints, augment their own revenues and nudge states to empower these bodies to strengthen governance at the grassroots level to ensure effective service delivery to citizens, experts said.

"The most critical reform required is to devolve the functions, functionaries and funds to the ULBs according to the provisions and spirit of the 74th Constitutional Amendment (Part IX-A) of the Constitution," said Kaustuv Kanti Bandyopadhyay, Director at the Society for Participatory Research in Asia (PRIA).

The 73rd (rural bodies) and the 74th (urban bodies) Constitutional Amendment Acts, 1992 direct the states to establish a three-tier system of Panchayats at the village, intermediate and district levels and municipalities in the urban areas respectively.

States were expected to devolve adequate powers, responsibilities and finances upon these bodies to enable them to prepare plans and implement schemes for economic development and social justice. These Acts provide a basic framework for decentralisation of powers and authorities to around 2.7 lakh Panchayati Raj/Municipal bodies at different levels. However, while some states like Kerala and West Bengal have robust LBs (see chart), many states are yet to pay adequate attention to this key reform in governance mechanism.

As against the Constitutional provision for devolution of all key taxes to urban bodies, only one state has done so while none of the states have devolved of all functions as per the 12th Schedule of the Constitution in practice. Only ten states have constituted state finance commissions, that too largely for namesake purpose as the 15th Finance Commission has linked it to the release of grants. “Complete devolution of urban planning function with commensurate human and financial capacity is fundamental. The devolution of taxation is critical to local resource mobilisation,” Bandyopadhyay said.

Only 42% of the 74th Constitutional Amendment Act, which provides for the devolvement of powers to urban bodies, has been implemented by states, according to Janaagraha, a not-for-profit body working for the betterment of life in India’s cities and towns. Urban planning is a municipal function that is mandated to be devolved to city governments by the Constitution. Janaagraha analysis across 35 states/UTs finds that Kerala is the only state to specifically recognise the role of city governments in the planning process in its planning legislation.

Each year, urban and rural local bodies lose a significant portion of central grants for not adhering to three basic norms: regular elections, audit of accounts and steps to augment their own revenues.

Even as the 16th Finance Commission (FC) will start work to suggest grants to promote national goals during FY27-FY31, FE analysis of the first four of the 15th FC’s six-year award showed that states have lost around Rs 65,000 crore of the Central government grants for not meeting conditionalities for the incentives.

Imagine what these institutions could have done to improve basic services to citizens in terms of providing healthcare, education, sanitation and other services that would have improved their living conditions. The 15th Finance Commission grant awarded Rs 4.36 trillion to support local governments for a five-year ending FY26.

“Finance Commissions have been earmarking funds for local bodies through state governments. The state governments have no incentive to do anything,” said Sudipto Mundle, Chairman of the Centre for Development Studies. “So, the Centre may have to ensure that the states get some reward for the timely transfer of money to Panchayats and municipals. Unless the states have their skin in the game, they will not bother,” Mundle said.

Besides the lack of capacity at Panchayat and municipal levels, Mundle said states have no interest in empowering elected local bodies as they would take away powers from MLAs. “Because of the vacuum, they call the shots now. The day elected panchayats and municipalities are empowered, the MLAs will suffer. That’s why states have no incentive to do anything,” Mundle said.

To build capacity at the local level, the Comptroller and Auditor General of India (CAG) in collaboration with state governments is now extending audit support to all the local bodies to help them improve governance and help utilise central grants fully to provide services.

Currently, CAG does a full audit of local bodies in West Bengal, Kerala and Karnataka while providing support for such audits in other states. Going forward, the CAG plans to put out annual performance and compliance audits of local bodies for each state similar to the exercise at the state and national levels to increase transparency and data availability to give a true picture of general government finances.

Article 243-H of the Constitution empowers Panchayats to impose, collect, and allocate taxes, duties, tolls, and fees. The decisions regarding taxes to be decentralised to local governments are, however, mainly at the discretion of state legislatures. In addition to these revenue sources, Panchayats also receive funds for executing Centrally Sponsored Schemess like the Rashtriya Gram Swaraj Abhiyan, the National Rural Employment Guarantee Programme, the Mid-day meal scheme, the National Horticulture Mission, etc.

“In my view, the third tier is still at a conceptual level. A lot of money is going to these bodies, but nothing much is happening at the ground level due to poor management except in a few schemes like MGNREGS,” said N R Bhanumurthy, Vice-Chancellor of Bengaluru’s BASE University. “It’s important to handhold local bodies to solve their capacity constraints,” Bhanumurthy added.

Janaagraha has suggested creation of a high-powered council between union and state governments, along the lines of the GST Council, to evolve consensus on overhaul of the 74th Constitutional Amendment to empower local bodies more effectively.

With the finances of Panchayati Raj Institutions facing constraints due to their limited own revenues, a Reserve Bank of India report in January this year said the PRIs need to intensify their efforts to augment their own tax and non-tax revenue resources and improve their governance. The report noted that around 95% of their revenues are in the form of grants from the Centre and states, restricting their spending ability that is already hampered by delays in the constitution of State Finance Commissions (SFCs).

Drawing upon data on 2,58,000 Panchayats, the RBI report found that the average revenue per Panchayat from all sources – taxes, non-taxes and grants – was Rs 21.2 lakh in 2020-21, Rs 23.2 lakh in 2021- 22 and Rs 21.23 lakh in 2022-23. The decline in 2022-23 was owing to lesser devolution of grants.

The own revenues of the Panchayats – generated by imposing local taxes, fees, and charges on various activities, including land revenue, professional and trade taxes, and miscellaneous fees – were only 1.1% of their total revenue during the study period. Non-tax revenue – primarily from Panchayati Raj programmes and interest earnings – is also modest, with a share of only 3.3% of their total revenue receipts. Panchayats in Tamil Nadu, Himachal Pradesh, Maharashtra, and Telangana reported higher non-tax revenue than other states.

Municipal revenues/expenditures in India have stagnated at around 1% of GDP for over a decade. In contrast, municipal revenues/expenditures account for 7.4% of GDP in Brazil and 6% of GDP in South Africa.

In order to improve the buoyancy of municipal revenue, the Centre and the States may share one-sixth of their GST revenue with the third tier, 13th Finance Commission chairman Vijay Kelkar had said. https://www.financialexpress.com/india-news/why-the-third-tier-of-government-needs-a-status-upgrade/3450635/

2. Government notifies plan to delist 18 centrally protected monuments *(thehindu.com)* April 08, 2024

The list includes 18 centrally protected monuments, spread across Arunachal Pradesh, Haryana, Madhya Pradesh, Delhi, Rajasthan, Uttar Pradesh, and Uttarakhand.

The story so far: The Ministry of Culture, in a notification issued on March 8, declared its intention to delist 18 protected monuments as they have "ceased to be of national importance." The government has evoked Section 35 of the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (AMASR Act), which gives it the power to delist ancient and historical monuments or archaeological sites and remains which were earlier declared to be of national importance.

The government has notified a period of two months for the public to register objections or suggestions.

What does the government's decision mean?

An ancient monument which is declared to be of national importance by or under the AMASR Act is classified as a protected monument. The Ministry of Culture, through the Archaeological Survey of India (ASI), takes care of all the centrally protected monuments of national importance, as well as excavation of historical sites and collection and showcasing art objects of historical and cultural importance.

Apart from maintaining/developing centrally protected monuments, the ASI also takes up other responsibilities like providing drinking water, toilet blocks, facilities for the physically challenged, pathways, cultural notice boards/signage, vehicle parking, and cloak rooms to tourists visiting these monuments.

Section 35 of the AMASR Act allows the central government to delist any ancient and historical monument or archaeological site and remains when it believes that they are not of national importance anymore.

Once the centrally protected monuments are delisted, the ASI and Ministry of Culture will no longer be responsible for their preservation, safeguard, and conservation.

The background

The 359th Report of the Parliamentary Standing Committee on Transport, Tourism and Culture, titled 'Functioning of the Archaeological Survey of India,' had in 2023 said that there are "several problems" with centrally protected monuments in the country. Currently, the ASI looks after 3,693 monuments, and the parliamentary committee report suggested that at least a quarter of those are minor monuments with no national significance.

A 2013 report submitted by the Comptroller and Auditor General of India on Performance Audit of Preservation and Conservation of Monuments and Antiquities said that 92 monuments were not "traceable" during an inspection. Many of these, including Kos Minars of Shahabad and Mujessar in Haryana, the Bara Khamba cemetery in Delhi, and multiple cemeteries and tombs in Uttar Pradesh now find themselves among monuments notified to be delisted.

Which monuments are included in the list?

The list includes 18 centrally protected monuments, spread across Arunachal Pradesh, Haryana, Madhya Pradesh, Delhi, Rajasthan, Uttar Pradesh, and Uttarakhand.

Most of these monuments are from the pre-Independence era. The Kos Minars, for example, were introduced under the rule of Sher Shah Suri to mark a distance of a little over 3 km.

The AMASR Act

The AMASR Act was passed by Parliament in 1958 for the protection and preservation of archaeological and historical monuments and sites. It also provides for the regulation of archaeological excavations and for protection of sculptures, carvings and other such objects. The government is planning on introducing an amendment to the Act which alters rules related to construction of public works in "prohibited areas," and the approval and impact assessment of such public works.

The original Act prohibits construction in an area of 100 metres around protected monuments, and the central government can extend this area beyond 100 metres. With the amendment, the government may be allowed to take up infrastructure projects for public works in this prohibited area.

According to the central government, the "prohibition of new construction within prohibited areas of a protected area or protected monument is adversely affecting the various public works and developmental projects of the central government."
https://www.thehindu.com/news/national/18-protected-asi-monuments-to-be-delisted-central-government/article68027944.ece

3. Poll finance is waiting for a clean-up by ECI *(hindustantimes.com)* Apr 08, 2024

Creating a level-playing field for elections should not just mean reining in central investigative agencies that are selectively targeting Opposition leaders.

While introducing India's draft constitution in the Constituent Assembly in November 1949, the economist-turned-lawyer BR Ambedkar drew attention to the inequities of the new Republic. "On the 26th of January 1950, we are going to enter into a life of contradictions," said Ambedkar. "In politics, we will have equality and in social and economic life we will have inequality. In politics, we will be recognising the principle of one man one vote and one vote one value. In our social and economic life, we shall, because of our social and economic structure, continue to deny the principle of one man one value."

Nowhere is the contradiction starker than in the electoral arena. In the world's largest democracy, only a minuscule minority can aspire to contest elections. Wealth has become a key determinant of winnability today. In each successive election, the wealth gap between the winning candidate and the runner-up keeps on growing. The wealth gap between an average Member of Parliament (MP) and an average citizen also keeps on growing. Moneybags, dynasts, and dons dominate the candidate lists of all major parties. Such candidates are self-financing, helping a party save on funds, which are then directed towards its small set of "merit quota" candidates.

The widening gap between people and their representatives weakens India's democracy. Reliance on fat cats and shady corporations to run political parties disempowers party cadres, hollowing out intra-party democracy. It also harms the economy by encouraging politicians to vest government agencies with extraordinary discretionary powers. Such powers are deployed to reward donors and harass others. But this culture of discretion also adds to the unease of doing business in the country, limiting new investments and jobs.

To be sure, the wealthy exercise disproportionate power in elections across the world. Some do it to gain direct favours (I give you money and you give me that highway project if you win), others to influence policy (I give you money and you enact a new telecom policy that bleeds my rival), and still others to promote their pet ideological agendas (I give you money and you ensure that schools don't teach Darwin's theories). In each case, the principle of "one man one value" is violated.

Yet, some democracies have worked harder than others in limiting the influence of plutocrats. Globally, reforms to regulate the flow of money in politics stand on three legs — transparency norms around political funding, regulation of political parties, and State funding. India needs substantive reforms that address all three aspects.

How might this be achieved? The political scientists Devesh Kapur, Eswaran Sridharan, and Milan Vaishnav have proposed a "grand bargain" in which political parties receive State funding to cover a part of their expenses and, in turn, subject themselves to stringent transparency norms. A new law empowering the Election Commission of India (ECI) would be needed to put such a plan into action, they argue in the 2018 book, Costs of Democracy: Political Finance in India.

Right now, political parties face stringent (and unrealistic) spending curbs, which they habitually violate. Political parties hoodwink ECI by getting friendly auditors to certify their financial accounts. Even though they are public entities, political parties face far less scrutiny than private companies.

Kapur, Sridharan, and Vaishnav rightly call for an end to this dysfunctional system. If digital trails can be used to clean up the welfare system, they can be used to clean the electoral system as well. There is no reason why a political party should not be asked to share the voter identification (or Aadhaar details) of each donor with ECI for each paisa it collects. Party accounts should face scrutiny either from the Comptroller and Auditor General (CAG) or by a panel of independent auditors certified by the Commission.

Once political parties fall in line, they should be allowed to access a State Election Fund (SEF), in proportion to the votes they receive or the donations they earn, or a combination of both. SEF grant rules can be designed intelligently to reduce the role of big money, and to encourage crowd-funding. For instance, SEF could offer a 100% matching grant for each small donation a party receives (say anything less than ₹5,000), and offer only a partial matching grant (say 30% or less) for large donations (₹5,000 or above).

Most politicians know that the current political finance system is deeply problematic, and some of them might welcome such reforms. Legitimate businesses that face unreasonable demands from politicians also stand to gain. The industry lobby group Confederation of Indian Industry (CII) had proposed several meaningful electoral reforms in a 2018 report which echo some of the suggestions of Kapur, Eswaran, and Vaishnav.

ECI needs to take the lead on this and help shape a consensus on such reforms. Creating a level-playing field for elections should not just mean reining in central investigative agencies that are selectively targeting Opposition leaders. India's electoral arena can be called a level playing field when those without deep pockets are able to stand for elections and win in large numbers. The aam aadmi should not be a rarity in Parliament.
https://www.hindustantimes.com/opinion/poll-finance-is-waiting-for-a-clean-up-by-eci-101712585516015.html

STATES NEWS ITEMS

4. After 10 years & Rs 9,630 crore, scheme for drought-proofing Maharashtra can provide water to just 487 people for a year

(downtoearth.org.in) 08 April 2024

The drought in Marathwada is clearly a human-made disaster, due to the mismanagement of water, say experts

It is a colossal failure. A decade of work and an expenditure of nearly Rs 10,000 crore later, a scheme touted by the Maharashtra government as a silver bullet for the state's drought-related problems has come a cropper.

The Jalyukt Shivar Abhiyan (JSA) has created a total of 24 thousand cubic metres (TCM) of water storage, with an irrigation potential of 3.4 million hectares.

That is just enough to provide 487 people with water for an entire year calculated as per the 135 litre per capita per day (LPCD) norm for a Tier I city (with a population of 100,000 or more, according to the 2001 Census of India), as per Sushmita Sengupta, senior programme manager of water programme at Centre for Science and Environment, Delhi.

The JSA was aimed to 'drought-proof' Maharashtra by 2019 through various soil and water conservation activities such as creating cement barrages as well as deepening, widening and de-siltation of water bodies.

The state government's 630,000 water conservation interventions across 22,586 villages under the JSA cost the public exchequer Rs 9,630 crore, according to the 2020 report of the Comptroller and Auditor General of India (CAG).

And it is not just the JSA. In another policy decision from 2016-17, the state government had announced a scheme to provide subsidies to farmers for constructing farm ponds for water harvesting and conservation. It received 35,00,000 applications in the first year itself.

Besides in 2018, the state launched a Project on Climate Resilient Agriculture (PoCRA) — also known as Nanaji Deshmukh Krushi Sanjeevani Prakalp. It aimed to increase the adaptive capacity of marginalised farmers from 5,142 villages in 15 districts of the Marathwada region.

The total cost of the project was estimated to be Rs 4,000 crore, 30 per cent of which was to be borne by the state while the remaining by the World Bank.

There have been other schemes and interventions from the state government such as the Integrated Watershed Development Program, Marathwada Water Grid Project, Gaalmukt Dharan and Gaalyukt Shivar among others since the Maharashtra Water Policy came into being in 2012.

However, the government has failed to provide any relief to Maharashtra's farmers and rural inhabitants.

Not a drop left

As of April 4, as summer approaches its peak, the Marathwada region has 953 government and private tankers distributing drinking water across five of its eight districts. The highest number of water tankers are being supplied in Chhatrapati Sambhajinagar (formerly Aurangabad) district at 443, followed by Jalna at 321 and 117 water tankers in Beed.

Bhagwat Kharag, a farmer from Kadethan village in Paithan taluka of Chhatrapati Sambhajinagar district, said the village (with a population of about 5,000 people) has been relying on water tankers from the government for the past month.

"Water sources such as dug wells and groundwater sources have dried up. The village receives two water tankers a day. Each carries 20,000 litres of water," he said.

Kharag said the villagers also rely on private water tankers. They have to pay Rs 800 for a 5,000-litre tanker. "The requirement and costs will only increase as summer peaks. The cost of each tanker for the same quantity can reach up to Rs 1,500," he added.

Dhananjay Gundekar, a farmer from Ambesavali village in neighbouring Beed district, said his village was in the same boat as Kadethan. "We are spending about Rs 40,000 per month on water tankers," he said.

Gundekar added though that Ambesavali was in a better condition as the Ambejogai taluka it was located in received 30 millimetres (mm) of rainfall in October, enabling residents to extend water availability.

Moreover, works in the village to conserve water under different schemes had not stopped.

Some 1,891 works related to water conservation, rainwater harvesting, renovation of traditional water bodies and tanks, reuse and recharge structures, watershed development and afforestation were completed between 2021 and 2023 in Chhattrapati Sambhajinagar, according to the Management Information System of the Mahatma Gandhi National Rural Employment Guarantee Scheme.

A total of 1,471 such works were completed in Dharashiv (formerly Osmanabad), 575 in Hingoli, 8,352 in Jalna, 1,862 in Latur and 1,294 in Nanded districts. Like Chhattrapati Sambhajinagar, all of these are located in the Marathwada region.

Malik Ambar and Aurangzeb

Marathwada was not always like this.

Kailash Tawar, a 60-year-old farmer from Paithan taluka, told Down To Earth (DTE) that 2020, 2021 and 2022 were the only years when he did not have to use water tankers.

“There was excess rainfall during these years and the water requirement sufficed. But since 1972, when the region saw one of its worst droughts, there has never been relief for farmers in the region,” he added.

The situation is only getting worse. According to the Groundwater Survey and Development Agency (GSDA), water levels have gone down to 3 metres from 1 metre in villages across 245 of 353 Maharashtra talukas between 2014 and 2019.

Gundekar recalled that during his childhood in 1984, the groundwater was available at 200 feet.

But the groundwater table has been rapidly declining since 2018, he added. Water levels have gone down to 1,000 feet from 500 feet since 2016, said Gundekar.

The number of tankers in 8,993 villages and hamlets of Maharashtra increased from 1,814 in the first week of May 2015 to 5,174 tankers during the corresponding period in 2019.

“Earlier, the government used to acquire local water sources within a kilometre’s range to provide water. Now, the same tankers have to travel a distance of 18 km to a medium water storage dam to procure water for us villagers,” Gundekar told DTE.

Climate change is making the state more vulnerable. Maharashtra has experienced a seven-fold and six-fold increase in drought and flood events over the past 50 years, according to a Council on Energy, Environment and Water (CEEW) report published in 2022.

Experts point to a number of reasons for the dire situation in Marathwada as well as Maharashtra.

Chhatrapati Sambhajinagar-based veteran economist H M Desarda said the JSA, de-silting of water barrages and other initiatives of the government were ‘unscientific in nature’.

Desarda even filed a public interest litigation, questioning the science in the scheme’s implementation. “None of the schemes follow the ridge-to-valley approach, which enables water to be arrested from catchment areas and diverted towards recharging aquifers,” he said.

The erstwhile Uddhav Thackeray government had ordered a probe into the scheme and had stopped it after claiming irregularities in its implementation.

The implementation of the schemes had caused negative impacts on local hydrogeology and had raised concerns on overall water allocation and equity concerns, the South Asia Network on Dams, Rivers and People (SANDRP) network had pointed out in 2016.

According to a research paper Challenging Today’s Water Threats for a Tenable Tomorrow: A Review of Policies and Programs in the Water Sector of Maharashtra published in March 2022, poor implementation, governance and unscientific approach to the schemes were to be blamed.

Eshwer Kale, lead author of the paper, said farm ponds have encouraged massive extraction and storage of groundwater. “Rich farmers have exploited the scheme to take control over water resources. The primary idea was to harvest rainwater. But the implementation has been poor,” he said.

The 2020 CAG audit report revealed that of the 80 villages which had been declared as ‘water neutral’, only 29 were actually that. The storage of other villages was less than what they had claimed.

The audit revealed that despite the implementation of the JSA campaign, the water tanker demand increased to 67,948 in 2019, from 3,368 in 2017 in six selected districts.

Moreover, the CAG found that groundwater exploitation increased with a spike in the number of dug wells and bore wells. Also, most water structures were structurally flawed among other discrepancies.

In addition to the poor implementation of policies, the focus on recharging groundwater and aquifers was broadly ignored, the research noted.

Desarda said that apart from the unscientific approach in implementing policies, there was a lack of responsible governance.

“The JSA encouraged farmers to grow more cash crops with farm ponds, further exploiting the precious resources. Most sugarcane cultivation and sugar factories in Marathwada happen and run on the back of extracted groundwater,” he said.

“The drought in Marathwada is clearly a human-made disaster, due to the mismanagement of water,” Desarda added.

However, the effective implementation of policies and a scientific approach can help to resolve the water crisis in the rain shadow region. Marathwada receives an average of 771 mm of annual rainfall. If it is harvested, the crisis can be mitigated, Desarda said.

Perhaps, the answers for the perennially drought-prone region lie in the past when rulers like the Siddi Peshwa (Prime Minister) of the Ahmadnagar Sultanate, Malik Ambar and Mughal Emperor Aurangzeb (earlier the Mughal viceroy of the Deccan) introduced watershed management structures to ensure steady water supply.

Malik Ambar founded the city of Khadki, which was later captured by Aurangzeb and named ‘Aurangabad’.

These conduits, about 300 years-old, transported water from long distances through gravity in a manner similar to the aqueducts of ancient Rome. One such structure, the Thatte Neher or Neher-e-Ambari, draws water from the Harsool river 12 km away through aqueducts.

The water system helps meet drinking water requirements for about 10,000 people a year. “We need such scientific-based interventions where watershed programmes are implemented using ridge to valley approach,” Desarda said. https://www.downtoearth.org.in/news/water/after-10-years-rs-9-630-crore-scheme-for-drought-proofing-maharashtra-can-provide-water-to-just-487-people-for-a-year-95456

5. DJB lacks accountability, received more than Rs 28,400 cr since 2015-16, Delhi finance secy to SC *(economictimes.indiatimes.com)* April 8, 2024

The Delhi Jal Board (DJB) received more than Rs 28,400 crore since 2015- 16 but it did not use the funds as per sanction conditions, the Delhi government's principal finance secretary has told the Supreme Court which is hearing an AAP government's plea alleging non-disbursal of funds to the water utility. The senior government official also said the statutory body lacks accountability. The top court had on April 5 asked the Delhi government's Principal Secretary (Finance) to release funds to the DJB and had made the utility, responsible for supplying potable water to the national capital, a party to the plea filed by the ruling AAP dispensation.

In an affidavit filed before a bench headed by Chief Justice D Y Chandrachud, Ashish Chandra Verma, the principal secretary of the finance department, extensively referred a March 15 report of the chief secretary on the subject of "serious problems" related to water supply and maintenance of sewage lines being faced by residents of Delhi to counter the claims made by the Arvind Kejriwal government.

"Despite receiving more than Rs.28,400 crores of rupees from public exchequer (i.e. GNCTD) since 2015-16, there is no accountability, and the funds are not been used as per sanction conditions, as indicated by the CAG in its report.

"This becomes more so worrisome that the CAG audit has been delayed by non-preparation of balance sheet, which needs examination about the conduct of DJB in this regard," the official said in his affidavit.

Seeking dismissal of the plea, the finance secretary termed it as completely "untenable, misconceived and un-supported by facts and law" on various grounds including that it was not filed after following the due process.

Referring to the report of the chief secretary, the affidavit said, "Water tariffs (and thus sewer tariffs as they are calculated as 60% of the water tariffs) have not been increased since 01.02.2018 (which used to be revised every year by way of enhancement @ 10% per annum), and service charges have not been increased since 01.01.2015, thus affecting the financial health of the DJB."

It said the water utility was losing out on a potential revenue of about Rs 1,200 crore per annum due to non-enhancement of tariff against domestic bills alone.

"While the number of consumers with dues was about 11 lakhs in July, 2023, the same had risen to over 14 lakhs in January, 2024, implying that consumers were wilfully not depositing their dues in anticipation of yet another scheme as was being announced," the affidavit said.

"At one end the loans and interests thereon upon DJB has surpassed the figure of Rs. 73,000 crore and Delhi Jal Board has repeatedly informed the GNCTD that it is not in a position to repay its debt to the GNCTD, and at the same time DJB is not following the statutory provisions to bring in financial probity," it said.

The affidavit said the directions on the report of the chief secretary are still awaited from the office of the Delhi water minister who had filed the petition.

"The DJB has received a total of Rs 76,923.82 Cr from various sources and out of which, Rs. 75,313.42 Crore was spent leaving a balance of Rs 1610.40 Crore in the bank accounts of Delhi Jal Board. But in the absence of balance closing certificates from the various banks, the audit couldn't confirm the balances as shown by the DJB," it said.

Assailing the claims made in the plea, the affidavit said the DJB is not a government but statutory body constituted under the Delhi Water Board Act, 1998.

Therefore, the instant case is not about release of funds allotted in the budget by the legislative assembly, but a case in which the city government provides funds to the DJB in form of "capital loans, grant-in-aid, subsidies, ways and means" on the recommendations of the administrative department, the affidavit said.

The principal secretary said the allegations made against him by the government are not correct.

The affidavit said Rs 29,172 crore has been disbursed to the DJB between 2015 and 2023-24, adding Rs 4,572.90 crore has been released for 2023-24 alone.

On April 5, the top court took note of the submissions of senior advocate Mahesh Jethmalani, appearing for the Principal Secretary (Finance), that the Delhi government, which has filed the plea against its own official, has not made the DJB a party.

"We will implead DJB (as a party) to find out from them (about the dues)...In the meantime, please release funds which are liable to be paid," the bench had said.

Senior advocate Abhishek Singhvi, appearing for the Delhi government, said the minister concerned has written six times to the finance secretary and yet the entire fund has not been released.

The court has fixed the Delhi government's petition for further hearing on April 10.

Earlier on April 1, the top court had issued a notice to the Principal Secretary (Finance) on the plea of the AAP government which alleged that the official was not releasing funds to the DJB despite budgetary approval by the legislative assembly.

The bench had not issued notice to the office of the lieutenant governor after taking note of the submissions of senior advocate Mukul Rohatgi that the LG has no role in disbursement of funds by the finance department of the Delhi government.

The Arvind Kejriwal government had moved the top court on March 20 over the issue in the latest run-in involving the bureaucracy and the AAP dispensation in Delhi. https://economictimes.indiatimes.com/news/india/djb-lacks-accountability-received-more-than-rs-28400-cr-since-2015-16-delhi-finance-secy-to-sc/articleshow/109133721.cms?from=mdr

6. DJB did not use funds as per sanction conditions, SC told *(dailypioneer.com)* 8 April 2024

The Delhi Jal Board (DJB) received more than Rs 28,400 crore since 2015-16 but it did not use the funds as per sanction conditions, the Delhi Government Principal Secretary (Finance) has told the Supreme Court which is hearing an AAP Government's plea alleging non-disbursal of funds to the water utility. "Despite receiving more than Rs.28,400 crores of rupees from public exchequer (i.e. GNCTD) since 2015-16, there is no accountability, and the funds are not been used as per sanction conditions, as indicated by the CAG in its report.

"This becomes more so worrisome that the CAG audit has been delayed by non-preparation of balance sheet, which needs examination about the conduct of DJB in this regard," the Delhi government Principal Secretary (Finance) said in his affidavit, adding the statutory body lacks accountability. The affidavit said Rs 29,172 crore has been disbursed to the DJB between 2015 and 2023-24, adding Rs 4,572.90 crore has been released for 2023-24 alone. It further said the DJB was losing out on a potential revenue of about Rs 1,200 crore per annum due to non-enhancement of tariff against domestic bills alone.

"The DJB has received a total of Rs 76,923.82 Cr from various sources and out of which, Rs. 75,313.42 Crore was spent leaving a balance of Rs 1610.40 Crore in the bank accounts of Delhi Jal Board. But in the absence of balance closing certificates from the various banks, the audit couldn't confirm the balances as shown by the DJB," it said.

Referring to the report of the chief secretary, the affidavit said, "Water tariffs (and thus sewer tariffs as they are calculated as 60% of the water tariffs) have not been increased since 01.02.2018 (which used to be revised every year by way of enhancement @ 10% per annum), and service charges have not been increased since 01.01.2015, thus affecting the financial health of the DJB."

"While the number of consumers with dues was about 11 lakhs in July, 2023, the same had risen to over 14 lakhs in January, 2024, implying that consumers were wilfully not depositing their dues in anticipation of yet another scheme as was being announced," the affidavit said.

"At one end the loans and interests thereon upon DJB has surpassed the figure of Rs. 73,000 crore and Delhi Jal Board has repeatedly informed the GNCTD that it is not in a position to repay its debt to the GNCTD, and at the same time DJB is not following the statutory provisions to bring in financial probity," it said.

The affidavit said the directions on the report of the chief secretary are still awaited from the office of the Delhi water minister who had filed the petition.

Assailing the claims made in the plea, the affidavit said the DJB is not a government but statutory body constituted under the Delhi Water Board Act, 1998.

Therefore, the instant case is not about release of funds allotted in the budget by the legislative assembly, but a case in which the city government provides funds to the DJB in form of "capital loans, grant-in-aid, subsidies, ways and means" on the recommendations of the administrative department, the affidavit said.The principal secretary said the allegations made against him by the government are not correct.

On April 5, the Supreme Court took note of the submissions of senior advocate Mahesh Jethmalani, appearing for the Principal Secretary (Finance), that the Delhi government, which has filed the plea against its own official, has not made the DJB a party.

“We will implead DJB (as a party) to find out from them (about the dues)...In the meantime, please release funds which are liable to be paid,” the bench had said.

Senior advocate Abhishek Singhvi, appearing for the Delhi government, said the minister concerned has written six times to the finance secretary and yet the entire fund has not been released.The court has fixed the Delhi government's petition for further hearing on April 10.

Earlier on April 1, the top court had issued a notice to the Principal Secretary (Finance) on the plea of the AAP government which alleged that the official was not releasing funds to the DJB despite budgetary approval by the legislative assembly.

The bench had not issued notice to the office of the Lieutenant Governor after taking note of the submissions of senior advocate Mukul Rohatgi that the LG has no role in disbursement of funds by the finance department of the Delhi government. https://www.dailypioneer.com/2024/state-editions/djb-did-not-use-funds-as-per-sanction-conditions--sc-told.html#:~:text=The%20Delhi%20Jal%20Board%20(DJB,funds%20to%20the%20water%20utility.

7. Despite Receiving More Than ₹ 28,400 Cr since 2015-16, No Accountability: Delhi Finance Department Informs SC in Plea Alleging Non-Release of Funds for Delhi Jal Board *(verdictum.in)* 8 April 2024

The Delhi Finance Department, through its Counter Affidavit, has informed the Supreme Court that the Delhi Jal Board (DJB) has received more than Rs. 28,400 crores since 2015-16. It also stated that there is no accountability, and the funds are not been used as per sanction conditions. "Despite receiving more than Rs.28,400 crores of rupees from public exchequer (i.e. GNCTD) since 2015-16, there is no accountability, and the funds are not been used as per sanction conditions, as indicated by the CAG in its report," it stated.

The Finance Department has filed its response in a Writ Petition filed by the Government of National Capital Territory of Delhi (GNCTD) seeking the release of the funds approved by the Delhi Assembly for the DJB.

The matter is under consideration before the Bench headed by Chief Justice D.Y. Chandrachud, also comprising Justice J.B. Pardiwala and Justice Manoj Misra. The Court is scheduled to hear the matter on April 10.

The Finance Department stated that no balance sheet is available with DJB for the year 2021-22 onwards. "Failure to prepare the balance sheets for the year 2021-22 shows that the financials in the DJB are not appropriately maintained even after passage of almost 2 years. This not only affects financial management but also indicates that something is wrong in the financial system. Due to non preparation of balance sheets, the audit of the DJB could not be undertaken by the CAG for years," the Affidavit read.

The Department stated that the water tariffs (and thus sewer tariffs as they are calculated as 60% of the water tariffs) have not been increased since February 1, 2018 (which used to be revised every year by way of enhancement @ 10% per annum), and services charges have not been increased since January 1, 2015, thus affecting the financial health of the DJB.

"DJB is losing out on a potential revenue to the tune of about Rs.1,200 crores per annum due to non- enhancement of tariff against domestic bills alone. While the number of consumers with dues was about 11 lakhs in July, 2023, the same had risen to over 14 lakhs in January, 2024, implying that consumers were willfully not depositing their dues in anticipation of yet another scheme as was being announced," it stated.

The Department referred to a report dated March 15, 2024 of the Chief Secretary in the matter of "serious problems related to water supplv and maintenance of sewage lines being faced by residents of Delhi". "At one end the loans and interests thereon upon DJB has surpassed the figure of Rs.73,000 crore and Delhi Jal Board has repeated informed the GNCTD that it is not in a position to repay its debt to the GNCTD, and at the same time DJB is not following the statutory provisions to bring in financial probity," it submitted.

The Affidavit read, "Record reveals that the funds earmarked (or one scheme has been found diverted to meet out the excess expenditure incurred in other schemes and this diversion will certainly le(t an impact on those heads/schemes (rom where the funds are transferred. Excess expenditure incurred than the allocated budget (.diversion of funds) from one scheme to other scheme observed in Sewerage Sector and Water Sector for Rs.910.97 Cr and Rs.308.03 Cr respectively." https://www.verdictum.in/court-updates/supreme-court/delhi-finance-department-delhi-jal-board-funds-1529673

8. DJB lacks accountability, finance secy tells top court *(newindianexpress.com)* April 9, 2024

The top court, which was hearing an AAP government plea alleging non-disbursal of funds to the DJB, was told by the senior official that the statutory water utility lacks accountability.

The principal finance secretary of the Delhi government has told the Supreme Court that the Delhi Jal Board (DJB) received more than Rs 28,400 crore since 2015-16 but did not use the funds as per sanction conditions. The top court, which was hearing an AAP government plea alleging non-disbursal of funds to the DJB, was told by the senior official that the statutory water utility lacks accountability.

In an affidavit filed before a bench headed by CJI DY Chandrachud, Ashish Chandra Verma, the principal secretary of the finance department, extensively referred a March 15 report of the chief secretary on the subject of "serious problems" related to water supply and maintenance of sewage lines being faced by residents of Delhi to counter the claims made by the AAP government.

"Despite receiving more than Rs 28,400 crore from public exchequer (i.e. GNCTD) since 2015-16, there is no accountability, and the funds are not been used as per sanction conditions, as indicated by the CAG in its report.

"This becomes more worrisome that the CAG audit has been delayed by non-preparation of balance sheet, which needs examination about the conduct of DJB in this regard," the official said in his affidavit. Seeking dismissal of the plea, the finance secretary termed it as completely "untenable, misconceived and unsupported by facts and law" on multiple grounds including that it was not filed following due process.

Referring to the report of the chief secretary, the affidavit said, the water utility was losing out on a potential revenue of about Rs 1,200 crore per annum due to non-enhancement of tariff against domestic bills alone. "While the number of consumers with dues was about 11 lakhs in July, 2023, the same had risen to over 14 lakhs in January, 2024, implying that consumers were wilfully not depositing their dues in anticipation of yet another scheme as was being announced."

"At one end loans and interests thereon upon DJB has surpassed the figure of Rs 73,000 cr and the DJB has repeatedly informed the GNCTD that it is not in a position to repay its debt to the GNCTD. At the same time DJB is not following the statutory provisions to bring in financial probity," it said.

The affidavit said the directions on the report of the chief secretary are still awaited from the office of the water minister who had filed the petition.

“The DJB has received a total of Rs 76,923.82 crore from various sources and out of which, Rs 75,313.42 crore was spent leaving a balance of Rs 1610.40 crore in the bank accounts of Delhi Jal Board. But in the absence of balance closing certificates from the various banks, the audit couldn’t confirm the balances as shown by the DJB,” the affidavit said.

The principal secretary said the allegations made against him by the government are not correct. The affidavit said Rs 4,572.90 crore has been released for 2023-24 alone. https://www.newindianexpress.com/cities/delhi/2024/Apr/09/djb-lacks-accountability-finance-secy-tells-top-court

9. डीजेबी में जवादेही की कमी, 2015-16 से अबतक 28,400 करोड़ रुपये दिए : दिल्ली वित्त सचिव *(hindi.latestly.com)* Apr 08, 2024

दिल्ली सरकार के प्रधान वित्त सचिव ने उच्च न्यायालय को सूचित किया कि दिल्ली जल बोर्ड (डीजेबी) को वित्तवर्ष 2015-16 से अबतक 28,400 करोड़ रुपये आवंटित किए गए हैं लेकिन उसने शर्तों के अनुरूप इस धन का इस्तेमाल नहीं किया है।

प्रधान वित्त सचिव ने शीर्ष अदालत को यह जानकारी आम आदमी पार्टी (आप) सरकार की उस याचिका के जवाब में दी है जिसमें आरोप लगाया गया कि वह जल निकाय को धन आवंटित नहीं कर रहे हैं।

वरिष्ठ सरकारी अधिकारी ने यह भी आरोप लगाया कि वैधानिक निकाय में जवाबदेही की कमी है।

शीर्ष अदालत ने पांच अप्रैल को दिल्ली सरकार के प्रधान सचिव (वित्त) को डीजेबी को धन जारी करने के लिए कहा था और आप सरकार द्वारा दाखिल याचिका पर सुनवाई करते हुए राष्ट्रीय राजधानी में पेयजल की आपूर्ति के लिए जिम्मेदार निकाय को पक्षकार बनाया था।

प्रधान न्यायधीश डी वाई चंद्रचूड़, न्यायमूर्ति आशीष चंद्र वर्मा की पीठ के समक्ष दाखिल हलफनामे में वित्त विभाग के प्रधान सचिव ने अरविंद केजरीवाल सरकार द्वारा किए गए दावों के जवाब में दिल्ली के निवासियों द्वारा सामना की जा रही जल आपूर्ति और सीवेज लाइनों के रखरखाव से संबंधित 'गंभीर समस्याओं' के विषय पर मुख्य सचिव की 15 मार्च की रिपोर्ट का व्यापक रूप से जिक्र किया गया।

अधिकारी ने अपने हलफनामा में कहा, ''वित्त वर्ष 2015-16 से राजकोष (यानी जीएनसीटीडी) से 28,400 करोड़ रुपये से अधिक राशि दिए जाने के बावजूद कोई जवाबदेही नहीं है, और धन का उपयोग मंजूरी शर्तों के अनुसार नहीं किया गया है, जैसा कि कैग (भारत के नियंत्रक और महालेखापरीक्षक) ने अपनी रिपोर्ट में संकेत दिया है।''

उन्होंने बताया, ''यह और भी चिंताजनक हो जाता है कि तुलन पत्र तैयार न होने के कारण कैग ऑडिट में देरी हुई है, इस संबंध में डीजेबी के आचरण की भी जांच की जरूरत है।'

याचिका को खारिज करने का अनुरोध करते हुए वित्त सचिव ने इसे विभिन्न आधारों पर पूरी तरह से “अस्थिर, गलत धारणा वाला और तथ्यों और कानूनी प्रावधानों से इतर” बताया। उन्होंने यह भी कहा कि याचिका उचित प्रक्रिया का पालन किए बिना दायर किया गया है।

वित्त सचिव ने मुख्य सचिव की रिपोर्ट का हवाला देते हुए हलफनामे में कहा, ''जल शुल्क (और इस प्रकार सीवर शुल्क, क्योंकि उनकी गणना जल शुल्क के 60 प्रतिशतके रूप में की जाती है) में 01.02.2018 से वृद्धि नहीं की गई है (जो हर साल 10 प्रतिशत की वृद्धि के साथ संशोधित होती थी) और 01.01.2015 से सेवा शुल्क में वृद्धि नहीं की गई है, जिससे डीजेबी की वित्तीय स्थिति प्रभावित हो रही है।''

इसमें कहा गया है कि अकेले घरेलू उपभोक्ताओं के लिए जल शुल्क की दर में वृद्धि नहीं करने से प्रति वर्ष लगभग 1,200 करोड़ रुपये के संभावित राजस्व का नुकसान हो रहा है।

हलफनामे में कहा गया, ''जुलाई, 2023 में बकाया वाले उपभोक्ताओं की संख्या लगभग 11 लाख थी जो जनवरी, 2024 में बढ़कर 14 लाख से अधिक हो गई। इसका अर्थ है कि उपभोक्ता जानबूझकर एक और योजना की उम्मीद में अपना बकाया जमा नहीं कर रहे हैं जैसा कि पहले घोषित किया गया था।''

इसमें कहा गया, ''एक ओर डीजेबी पर ऋण और उस पर ब्याज 73,000 करोड़ रुपये के आंकड़े को पार कर गया है और दिल्ली जल बोर्ड ने जीएनसीटीडी को बार-बार सूचित किया है कि वह जीएनसीटीडी को अपना कर्ज चुकाने की स्थिति में नहीं है।साथ ही डीजेबी वित्तीय ईमानदारी लाने के लिए वैधानिक प्रावधानों का पालन नहीं कर रहा है।''

हलफनामे में कहा गया है कि मुख्य सचिव की रिपोर्ट पर अभी भी दिल्ली के जल मंत्री के कार्यालय से निर्देश का इंतजार है जिन्होंने याचिका दायर की थी।

इसमें कहा गया, ''डीजेबी को विभिन्न स्रोतों से कुल 76,923.82 करोड़ रुपये प्राप्त हुए हैं और इसमें से छोड़कर 75,313.42 करोड़ रुपये खर्च किये गये और दिल्ली जल बोर्ड के बैंक खातों में अब भी 1610.40 करोड़ रुपये शेष है। लेकिन विभिन्न बैंकों से 'बैलेंस क्लोजिंग' प्रमाणपत्रों के अभाव में ऑडिट के दौरान डीजेबी द्वारा दिखाई गई शेष राशि की पुष्टि नहीं हो सकी।''

याचिका में किए गए दावों पर सवाल उठाते हुए हलफनामे में कहा गया कि डीजेबी एक सरकारी नहीं बल्कि दिल्ली जल बोर्ड अधिनियम, 1998 के तहत गठित वैधानिक निकाय है।

इसमें कहा गया है कि इसलिए, मौजूदा मामला विधानसभा द्वारा बजट में आवंटित धनराशि जारी करने के बारे में नहीं है, बल्कि एक ऐसा मामला है जिसमें दिल्ली सरकार प्रशासनिक विभाग की सिफारिश पर डीजेबी को "पूंजीगत ऋण, सहायता अनुदान, सब्सिडी, एवं अन्य तरीके"से धन प्रदान करती है।

प्रधान सचिव ने कहा कि सरकार द्वारा उनपर लगाए गए आरोप सही नहीं है।

हलफनामे में कहा गया है कि 2015-16 से 2023-24 के बीच डीजेबी को 29,172 करोड़ रुपये आवंटित किए गए हैं, अकेले वित्तवर्ष 2023-24 के लिए 4,572.90 करोड़ रुपये जारी किए गए हैं।

शीर्ष न्यायालय इस मामले पर अब 10 अप्रैल को सुनवाई करेगी।

इससे पहले 20 मार्च को अरविंद केजरीवाल सरकार ने नौकरशाही और दिल्ली की आप सरकार के बीच तनातनी के बीच इस मुद्दे पर शीर्ष अदालत का रुख किया था। https://hindi.latestly.com/agency-news/lack-of-accountability-in-djb-rs-28400-crore-given-since-2015-16-delhi-finance-secretaryr-2127001.html

10. Supreme Court directs CAG to examine corruption allegations against Arunachal Pradesh govt during 2007-11 term *(indialegallive.com)* April 8, 2024

The Supreme Court recently directed the Comptroller and Auditor General (CAG) to examine the corruption allegation against the Arunachal Pradesh government during the 2007-2011 term. A petition has been moved in the top court raising allegations of corruption in relation to certain tenders floated by the Arunachal Pradesh government.

The bench comprising Justice Aniruddha Bose and Justice Bela M Trivedi passed the judgment in a Special Leave Petition where the petitioners alleged that contracts were given by the state government of Arunachal Pradesh without floating any tender.

Notably, the petitioner, Voluntary Arunachal Senaahad, filed the plea in 2010 challenging a decision of the Gauhati High Court. The Chief Minister of the state during 2007-2011 term, Dorjee Khandu and present Chief Minister Pema Khandu are respondents in the matter in their personal capacity.

The bench was initially concerned about the time gap between the date of alleged occurrence and the date of hearing. Considering this, appearing for the petitioner, Advocate Prashant Bhushan, appearing for the petitioner, Voluntary Arunachal Senaa, had tried to impress upon the Court that there was ex facie corruption, as contracts were awarded without tenders being floated, that too to the Chief Minister’s own relatives.

Meanwhile, the State of Arunachal Pradesh argued that the beneficiary of the contracts, as well as the former Chief Minister Dorjee Khandu had passed away. Hence, the Special Leave Petition had abated against him.

Last year in October, the apex court sought a response from the CAG on two aspects namely, whether very close relatives to the Executive Head of the State can be awarded Government contracts and if the answer is in the affirmative, what would be the norms for awarding contracts to such persons. Recently, the Comptroller and Auditor General (CAG) has been ordered to supervise and probe the aforesaid allegations. https://www.indialegallive.com/constitutional-law-news/supreme-court-news/arunachal-pradesh-govt-corruption/

11. Supreme Court directs CAG probe into alleged corruption in Arunachal Pradesh government's 2007-2011 term *(pragnews.com)* April 8, 2024

The Supreme Court ordered on March 20 that the Comptroller and Auditor General (CAG) investigate suspicions of corruption in connection with specific tenders that the government of Arunachal Pradesh floated ten years before, as part of a public interest litigation.

As part of a public interest lawsuit, the Supreme Court ordered on March 20 that the Comptroller and Auditor General (CAG) look into allegations of corruption over particular tenders that the Arunachal Pradesh government had issued ten years prior.

In 2010, the petitioner, an NGO, filed a petition against a Gauhati High Court ruling. Significantly, respondents in this matter in their capacities are Dorjee Khandu, the Chief Minister of Arunachal Pradesh from 2007 to 2011, and Pema Khandu, the current Chief Minister, who is the son of Dorjee Khandu.

The time between the date of the claimed occurrence and the hearing date was one of the concerns that had initially worried the Bench. In this context, Advocate Prashant Bhushan attempted to convince the court that there was apparent corruption in this case because contracts were given to the chief minister's relatives without a call for bids.

However, the State of Arunachal Pradesh contended that both the former Chief Minister (Dorjee Khandu) and the contract beneficiary had passed away. The SLP has so softened her stance against him.

The Court asked the CAG to respond in October 2023 on two points: Is it possible for very close relatives of the state's executive head to receive government contracts? If the answer is yes, what standards would be followed while giving such people contracts? The CAG has now been instructed to review and look into the claims. https://pragnews.com/ne/Supreme-Court-directs-CAG-probe-into-alleged-corruption-in-Arunachal-Pradesh-governments-2007-2011-term

SELECTED NEWS ITEMS/ARTICLES FOR READING

12. Central & state GST officials to conduct joint audits of firms *(economictimes.indiatimes.com)* April 9, 2024

As per industry estimates, there are about 11,000 such cases of dual investigation by both the central and state authorities or under litigation. Several central GST zonal heads have sent an internal communique to officials, asking them to invite state officials to join their ongoing audits for better coordination, said officials.

Central and state goods and services tax (GST) officials will jointly conduct audits of businesses under the indirect tax regime from this financial year, a relief for taxpayers as it will weed out duplicate notices and dual investigations.

As per industry estimates, there are about 11,000 such cases of dual investigation by both the central and state authorities or under litigation. Several central GST zonal heads have sent an internal communique to officials, asking them to invite state officials to join their ongoing audits for better coordination, said officials.

Such coordination for audit was suggested during the national coordination meeting held last month to streamline tax investigation, said officials, who did not wish to be identified. The communique added that officers from central GST may join the state GST audit teams.

"This exercise will strengthen the capacities of SGST officers in audit and also enable officers to exchange critical compliance-related information with each other," it said.

The Central Board of Indirect taxes and Customs (CBIC) has asked every zone to prepare their own framework for such joint audits.

"A general message was conveyed to zonal heads who will implement it in their jurisdiction accordingly," said another official, adding that it would save time and human resources.

The initiative is expected to result in a fairer and more effective audit process, said experts.

"It is likely to result in a more comprehensive and thorough audit process, benefiting both tax authorities and taxpayers," said Rajat Mohan, executive director, Moore Singhi.

"This can reduce the chances of duplication of efforts and ensure that taxpayers are not subjected to multiple audits for the same issues."

The CBIC has asked its field officers to drop investigation into offences that state GST officials are already looking into or regarding which they have issued notices. https://economictimes.indiatimes.com/news/company/corporate-trends/central-state-gst-officials-to-conduct-joint-audits-of-firms/articleshow/109143298.cms?from=mdr

13. The persistence of unequal growth will be bad for India *(livemint.com)* April 9, 2024

It is the growth process that will generate the dividends required for a more generous redistribution policy.

The World Inequality Lab (WIL) recently published a report, Income and Wealth Inequality in India 1922-2023: Rise of the Billionaire Raj. The subtitle is a nod to the name of a 2018 book by James Crabtree, then a Financial Times correspondent and considered an avid India watcher. The book described itself as a journey through India's new gilded age and had the imprint of a journalist's keen eye for detail and drama. It had ample hints about India's deepening cronyism. It won praise for being an invaluable commentary and also the Business Book of the Year award at a prestigious lit-fest. Yet, recently Crabtree admitted that he got some of his prognosis completely wrong. He and others had predicted that India was destined to be ruled forever by minority governments with cobbled coalitions. Two national elections have proved this prediction utterly wrong and a third is on its way. He suggested that foreigners like himself ought to observe a moment of humility, as they'd had no clue about the transformative leadership of Prime Minister Narendra Modi. The second wrong prediction was that inequality would decline in India, as liberal democracy and capitalist growth became more inclusive. In fact, India's trend is the opposite. The latest WIL report shows inequality increasing.

The state of wealth and income inequality is the worst in 100 years. The top 1% of the country receives nearly 23% of the annual national income and holds a staggering 40% of the wealth. The country now has 271 dollar-billionaires, with 94 being added in 2023 alone. One of the authors of the report is Thomas Piketty, who is the world's foremost critic of worsening inequality everywhere. Piketty's research uses data not just from income and expenditure surveys, but also from income-tax filings. The latter tend to be more truthful than survey responses. But using tax data in the Indian context has severe limitations. It does not stretch back for 100 years. The fraction of people who file income tax returns is small; and only a tiny fraction of them account for the bulk of taxes collected. So there is a double skew.

The point is not to quibble with the data sources used in the WIL report. Inequality has worsened in India across dimensions, beyond income and wealth. It is reflected in access to good-quality education and healthcare, in basic amenities like drinking water, and in securing jobs and livelihoods. The latest unemployment report published jointly by the International Labour Organization and Institute for Human Development paints a grim picture on youth unemployment, especially of those with college degrees, and of wage stagnation. That this is happening while India is among the fastest-growing economies in the world makes the inequality phenomenon worrying.

The more contentious debate is on growth versus inequality. One view, echoed by the chief economic advisor, is that India must focus on promoting high growth and ignore inequality for now. It is the growth process that will generate the dividends required for a more generous redistribution policy. India's free-food scheme, covering 813 million people for the next five years, provides basic food security. The government can afford it only if high growth leads to high tax revenues, direct or indirect.

The opposing view is that inequality has reached unacceptable levels, and that the growth process itself is causing inequality to worsen. In 1990, China and India had roughly the same economic size, population, per capita income and global rank. Today, China is the world's second-largest economy and its rank by per capita income is 68. India is the fifth-largest economy with a per capita rank of 141. The difference in growth rates over three decades is about 3 percentage points. But China's growth has delivered benefits that are more widely diffused in its population, whereas the lion's share of India's growth went to people at the very top. That's why India's per capita rank is stuck. The income growth rate of the bottom half has stayed below the average growth rate of national income over that long period. Everyone's income was rising, but at the top, it was galloping.

Aided by liberalization, the growth process unleashes innovation and animal spirits, which helps higher-productivity sectors surge ahead while others lag. In the early stages of such growth, income inequality tends to increase due to urbanization and industrialization, and then decreases as a threshold level of development is reached. The decline is attributed to increased access to education, technology and more inclusive social and economic policies. This is the famous Kuznets hypothesis and the inverted U-curve of inequality versus growth. But in India's history of the past three decades, the evidence is ambiguous or contradictory. There is a 'winner takes all' element, and then the winner stays permanently ahead. Social and financial capital enjoys an inter-generational advantage. The chances of churn, wherein someone from the bottom deciles is thrown into the top-most decile within one generation, are slim.

Persistent inequality might be acceptable so long as there is sufficient social and economic mobility and churn. But a growth process that leads to rising inequality and more rigidities is ultimately detrimental.

We must consider the possibility that reducing some inequality could be growth-enhancing for India. We can do this not merely by means of more welfare spending, but by increasing public spending on education and enhancing human capital. https://www.livemint.com/opinion/online-views/the-persistence-of-unequal-growth-will-be-bad-for-india-11712588737515.html

14. With Indian economy comfortably placed, it's time to focus on quality of growth *(indianexpress.com)* Updated: April 9, 2024

Digitalisation and increased formalisation appear to have pushed India's potential higher, but there is now hope for growth that is sustainable and inclusive

The Indian economy seems to be in a sweet spot with healthy growth, moderating inflation, strong FII inflows and healthy corporate and banks' balance sheets. Recent economic data releases showing GDP growth at 8.4 per cent in the third quarter of 2023-24, PMI Manufacturing at a 16-month high of 59.1 in March are adding to economic optimism. Our credit ratio (number of rating upgrades to downgrades) is at a healthy 1.92 in the second half of 2023-24 (as against 10-year average of 1.57), reflecting the good health of the corporate and banking sector. But that's not to say that all is well. There are still concerns lurking and the economy needs to tread cautiously in the new fiscal year.

Healthy growth, moderate investment

India has recorded above 8 per cent growth in the first three quarters of 2023-24, with chances of full year growth turning out higher than the advance estimate of 7.6 per cent. Growth in GDP has been mainly led by investment, while consumption growth remains weak. Consumption GDP is estimated to have grown by 3 per cent in the year, as against a pre-pandemic growth of 7 per cent (2018-19). This data may come as a surprise to many, given the spending euphoria that we are seeing for items like cars, housing, jewellery and travelling.

But lower price point categories like FMCG and apparels are somewhat feeling the pinch of cautious consumer spending by the masses. The silver lining is that rural demand that had been muted is showing signs of improvement. As per a Nielsen report, FMCG volume growth in rural areas has improved to 6.2 per cent in the second half of 2023 from 2.2 per cent in the first half. Two-wheeler sales, another indicator of rural demand, is also showing improvement. On the assumption of a normal monsoon this year, we can expect an improvement in overall consumption demand. However, we need to be watchful of layoffs (coupled with weak hiring) in the IT sector and the impact of that on urban consumer sentiments.

The government has continued its focus on capex. But a pickup in private investment will be a critical factor for a sustained growth momentum. There has been increased investment by the private sector in areas like steel, cement, petrochemicals, automobile, aluminium and renewable energy. The order book of capital goods companies has also increased sharply in the last fiscal year. With capacity utilisation of the manufacturing sector at 74 per cent (close to the long-term average), we can expect the private capex cycle to accelerate in the coming quarters. The CMIE data on project investment is also showing increased intent to invest by the private sector.

Services-led exports

India's economic growth in 2023-24 has been mainly led by the manufacturing and services sector, as the agriculture sector suffered from the adverse impact of poor monsoon. Sectors like hotels, auto/auto components, healthcare, realty, iron & steel, pharmaceutical and jewellery retailers have performed well, while chemicals, textile, cut & polished diamonds, etc, felt the pinch of weak external demand.

Even while merchandise exports were weak due to the global slowdown, services exports remained healthy. Apart from software services, a good performance was also seen in business consulting and travel services. Supported by healthy remittances and services exports, we estimate India's current account deficit at a benign 0.6-0.7 per cent of GDP and at around 1 per cent in 2024-25. We have been seeing very strong FII inflows into the economy, even while net FDI inflows have moderated. FII inflows were at a high of $41 billion in 2023-24 (as against net outflows of $5.5 billion in 2022-23). This has taken India's forex reserves to a comfortable level of around $643 billion. Strong FII inflows are expected to continue in 2024-25 as we see the impact of Indian government bond inclusion in the global indices. However, this also warrants caution given the volatile nature of these flows.

Inflation and credit

CPI inflation has moderated below RBI's target upper band of 6 per cent. Core inflation has slipped below 4 per cent in the last three months, with persistent disinflation in the services sector. However, high food inflation remains a concern. There is specifically high inflation in vegetables (30 per cent), pulses (19 per cent) and spices (14 per cent). On the assumption of normal monsoon this year, we expect CPI inflation to moderate to around 4.8 per cent in 2024-25 from an estimated 5.4 per cent in 2023-24. With inflation moderating, the RBI could opt for a shallow policy interest rate cut in the second half of the fiscal year, provided the US Fed also starts to cut rates by then.

Interestingly, even with higher interest rates, the Indian economy has been seeing a rapid rise in retail credit. As a precautionary step, the RBI has increased the bank's risk weightage for unsecured personal loans. This has led to some moderation in personal loans' growth, but it remains high at around 18 per cent. This trend is here to stay given the changing consumption and saving pattern in the economy and easy access to credit.

While so far there are no signs of stress in banks' retail loans, there is a need to remain vigilant on this front. While overall bank credit growth has been strong, the deposit growth has remained relatively weak. This poses liquidity risks for banks while putting pressure on their net interest margins. However, the comforting factor is that banks' asset quality remains healthy.

Overall, the Indian economy is comfortably placed with GDP growth likely to be around 7 per cent in the ongoing financial year. Structural developments like digitalisation and increased formalisation appear to have pushed India's potential growth to a higher level. This is an apt time for the government to focus on quality of growth, while remaining vigilant of the lurking risks. This is also an opportune phase for the government to continue the focus on fiscal consolidation (as seen in the interim budget) and reduction in public debt that had shot up during the pandemic. With a new government set to be formed in a few months' time, we hope that there is higher emphasis on inclusive and sustainable growth.

https://indianexpress.com/article/opinion/columns/indian-economy-quality-focus-growth-9258533/

15. Four Apache helicopters 'down' in 44 days; IAF's is fifth

(theweek.in) By Sanjib Kr Baruah | Updated: April 08, 2024

An IAF source told THE WEEK that the helicopter suffered a 'technical malfunction'

In operation for at least four decades, the last one-and-a-half months are proving not to be a good time for Boeing's US-made AH-64 Apache heavy attack helicopter.

On April 3, an Indian Air Force (IAF) Apache helicopter on a routine sortie in Ladakh had to make an emergency landing at a spot situated at about 12,000 feet near the Khardungla pass.

An IAF source told THE WEEK that the ill-fated helicopter suffered a 'technical malfunction', which is being looked into by a Court of Inquiry.

"We are looking into whether it can be repaired at the landing site and flown back to base, or to be carried back in an 'under-slung' operation by a Chinook heavy lift helicopter or has to be dismantled and carried part by part back to base," the source added.

Reports indicated that the helicopter may have suddenly encountered a 'loss of power'.

The IAF operates 22 Apaches helicopters that were bought after a 2015 military India-US agreement. The Indian Army had ordered six more in 2020.

But what is interesting is that in just 44 days, the US Army has suffered four losses underlining safety concerns.

The incidents took place on February 12, February 23 (when both pilots were killed), on March 24 and then on March 26.

The March 24 incident happened at Joint Base Lewis-McChord, Washington State, where two pilots suffered injuries, while the March 26 incident occurred at Fort Carson, Colorado, when the helicopter went down during training, injuring its pilots.

Currently, about 700 Apache helicopters are in operation with the US military.

In 2023, the US Army is reported to have alluded to a significant increase in the failures of electrical power generators in the Apache. https://www.theweek.in/news/india/2024/04/08/four-apache-helicopters-down-in-44-days-iafs-is-fifth.html

16. Indian Army gets Igla-S air defence system from Russia; Here's all you need to know *(cnbctv18.com)* April 9, 2024

The Indian Army has received its first batch of 24 Russia-made Igla-S Man Portable Air Defence Systems (MANPADS), accompanied by 100 missiles that will enhance its Very Short Range Air Defence (VSHORAD) capabilities.

This is part of a larger deal that includes domestic production in India, ThePrint reported.

The current order is a larger one compared with the one made in 2021 - 24 launchers and 216 missiles - as part of an emergency procurement, sources in the defence establishment told the news outlet.

In November last year, India signed a contract with Russia for 120 launchers and 400 missiles. While the first batch from Russia has been received by the Army, the rest of these systems will be made in the country through Transfer of Technology (ToT) from Russia by an Indian company, the report said.

Igla-S: Capabilities

A hand-held defence Igla-S system that can be operated by a crew or an individual, Igla-S has been designed specifically to bring down low-flying aircraft and even can identify and neutralise air targets like drones and cruise missiles.

According to reports, this system comprises a 9M342 missile, a 9V866-2 mobile test station, a 9P522 launching mechanism and a 9F719-2 test set, which all work towards providing a comprehensive air defence solution.

These systems are intended for the new air defence formations for high mountainous terrain along the northern border of the country. One regiment has already received these systems, while more will follow as the deal progresses, sources said.

The Request for Proposal (RFP) for VSHORADs was issued in 2010 when the United Progressive Alliance (UPA) was in power at the Centre, after which the selection process started.

In 2018, Russia’s Rosoboronexport-manufactured Igla-S won a competitive bid as the lowest bidder against MBDA-manufactured infrared homing short-range air defence system Mistral of France and Sweden’s SAAB-manufactured RBS 70 NG.

The acquisition of the Igla-S systems addresses the Army's need to replace the outdated Igla-1M systems. The crucial move was highlighted in a letter in 2012 from then Army Chief General VK Singh to former Prime Minister, Manmohan Singh, citing the obsolescence of then-air defence systems. https://www.cnbctv18.com/india/indian-army-gets-igla-s-air-defence-system-from-russia-details-19394147.htm

17. India's Defence Exports: Continuing Defence Reforms is Critical *(orfonline.org)* Apr 08, 2024

It may not be the age of war, as Narendra Modi reminded Vladimir Putin in September 2022, but a year later, India's defence exports have witnessed a significant surge in 2023–24 with a growth of ₹21,083 crore. In fact, the last few financial years have witnessed steady and methodical increase in India's defence exports to countries including the Seychelles, the Maldives, Mauritius and Ecuador.

These y-o-y increases started primarily in 2017-18, with the trajectory of defence exports hitting ₹4,682 crore, followed by a significant jump to ₹10,745 crore, which represented an increase of an impressive 129.49% in 2018-19. Then, a dip of 15.16% in defence export performance in 2019-20 to ₹9,115 crore was induced by the pandemic. A further decreased ensued in 2020-21 due to the continuation of Covid, by 7.47% to 8,434 crore.

The decrease in 2019-20 and 2020-21 was not as precipitous as the surge in defence export growth in the pre-pandemic phase. In the post-pandemic phase, defence exports regained their footing with an increase to ₹12,814 crore in 2022-23, which was higher than in the pre-pandemic year of 2018-19 when exports actually experienced a significant rise.

2023-24 has witnessed a further increase, from ₹15,920 crore in 2022-23 to ₹21,083 crore, representing an increase of 32.43%. Notwithstanding the pandemic serving as a dampener, at no stage before the last decade have Indian defence exports experienced such a steep upward trajectory.

This increase is a direct result of reformist policies instituted by the GoI. Three critical factors have enabled this growth:

-Importantly, less imports Reduced dependence on foreign equipment manufacturers by way of greater thrust towards tapping into the design, production and manufacturing capabilities of domestic defence PSUs.

-Indigenous India Private companies and startups as part of GoI's Atmanirbhar Bharat initiative. Another critical policy is GoI's decision to create positive indigenisation lists comprising 4,666 items that are now sourced from domestic industry. These items include line replacement units, subsystems and spares, and components.

Of the 4,666 items identified for indigenous development and production under the indigenisation list, 2,920 items or 62.5%, have already undergone indigenisation. With 75% of the acquisition budget under the capital head dedicated to sourcing from Indian companies, GoI has permitted over 40 companies and JVs with overseas original equipment manufacturers (OEMs).

Supplementing this effort is GoI's launch of 'Innovations for Defence Excellence' (iDEX), geared to fostering an ecosystem that generates innovation and stimulates development of technologies through tie-ups with academia, R&D institutions, startups and industry.

-Def Dip GoI has engaged in an intensive level of defence diplomacy critical to defence exports. Marketing products to potential buyers form overseas also explains the export surge, coupled with lines of credit, Exim Bank financing for defence exports, and a defence offset policy that allows for integration of weapons or systems in India, which are then exported.

Further, GoI has also assiduously incorporated the role of MEA in augmenting defence exports. Essentially, enlarging the ecosystem and framework for exports- and pivoting towards a whole-of-government approach.

India's embassies are also being roped in to promote defence exports from India, an additional fillip for dealmaking.

MEA has provided a line of credit to African countries to purchase weaponry and military platforms from India. India's embassies are also being roped in to promote defence exports from India, an additional fillip for dealmaking.

The standout feature from the latest export data is that India's private sector has been the source of 60% of all defence exports, with defence PSUs accounting for the remaining 40% this year. This is significant to the extent that defence PSUs in the Indian military-industrial complex tend to be privileged, in terms of defence contracts and resources by MoD and GoI.

This is why the private sector dominating the defence export pie is all the more remarkable. The 40% contribution of defence PSUs is not negligible. This also reflects the extent to which standards of products have improved making them exportable.

Yet, challenges remain. Foremost among them is bureaucratic inertia, and obstacles to genuinely integrate the private sector into India's defence innovation and industrial ecosystem. A robust defence industrial base with a dynamic private sector that also shows a readiness to run risks to develop weapons systems is still to be fully realised.

Also, lack of sufficient budgetary allocation, and investment in defence R&D that produces reasonably competitive products for use by the Indian armed forces, as well as items that are export-worthy, remains an issue.

Once the new government takes charge in June, doubling down on defence reforms should be key to building on the present momentum in this space.
https://www.orfonline.org/research/indias-defence-exports-continuing-defence-reforms-is-critical

18. Indian Railways on course to 100 per cent electrification, becoming world's largest green network

(economictimes.indiatimes.com) April 8, 2024

Indian Railways is set to achieve complete electrification of its broad gauge network soon, ahead of schedule, with a dedicated fund of Rs 6,500 crore allocated in the interim budget. This move positions Railways as the largest green railway globally, aiming to cut carbon emissions significantly by 2027-28.

Railways will achieve 100 per cent electrification of its broad gauge network in the next few months, much before the end of this fiscal, a senior Railway Ministry official has said.

The interim budget has allocated Rs 6,500 crore for further electrification projects. With 100 per cent electrification, Indian Railways will become the largest green railways of the world. Already many regions in India are 100 per cent electrified.

"With a dedicated fund of Rs 6,500 crore in FY25 for further electrification projects, India is committed to achieving complete electrification," a senior railway official told ANI

The Railways have spent over Rs 46,425 crore on electrification since 2014. But it will take some time for diesel locomotives to be retired and replaced by electric engines and the tide has firmly shifted with more electric engines than diesel engines. As of December 2023, Railways have 10,238 electric and 4,543 diesel locomotives.

The Railways electrified 7,188 kilometres of rail network in 2023-24. Routes that were electrified last year include Ahmedabad-Rajkot-Okha (499 km), Bengaluru-Talguppa (371 km), and Bhatinda-Firozpur-Jalandhar (301 km). The shift to electric traction is likely to cut 24 per cent carbon emissions by 2027-28.

Since 2014-15, Railways have electrified over 40,000 route km on the broad gauge network compared to only 21,80 km in all the years before 2014.

Officials said rail electrification is happening over nine times faster than what it was a decade ago, from 1.42 km per day in 2014-15 to about 19.6 km per day in 2023-24.

India is far ahead of the European Union, the UK, and the US on rail electrification. As per Energy Monitor and Indian railways data, Indian Railways are 95 per cent electrified, as compared to 56 per cent in the EU, 38 per cent in the UK and just one per cent in the US. Switzerland, however, is 99 per cent electrified.

Railway officials said the electrification programme has immense environmental benefits.

They said it is a growth catalyst as well, electrification reduces dependence on imported fossil fuels, projects create jobs during construction and it positions railways as a growth engine for the country's economy.

Rail electrification is a major strategic initiative in terms of import substitution as electricity is generated domestically.

However, many experts argue that while electrification will save cost and have strategic importance, the Railways mostly take electricity from the grid and 70-80 per cent of the plants use thermal coke to generate power.

Unless electricity is generated from renewable sources, electrification will only mean changing the location of carbon emissions.

Railways have set a target to be the world's largest green railway with zero carbon emissions by 2030. https://economictimes.indiatimes.com/industry/transportation/railways/indian-railways-on-course-to-100-per-cent-electrification-becoming-worlds-largest-green-network/articleshow/109136156.cms?from=mdr

19. Essentials for an effective AI mould for India *(financialexpress.com)* April 8, 2024

The 'knowledge' of embedded artificial intelligence and GenAI's 'wisdom' need to work efficiently together to produce fruitful results

Artificial intelligence, or AI, is dominating discussions today in both tech and non-tech forums alike. The customer-facing application, generative AI (GenAI), has especially become a buzzword, drawing attention and leading to policy discussions and regulatory actions across the world. While these are progressive developments and definitely required to propel India's aspirations for leadership in yet another technology vertical, there are other integral parts to this AI ecosystem which seem to be missing in conversations but need to be focused upon.

While GenAI seems to be the area of focus for all today, its efficacy is contingent upon the entirety of the ecosystem that facilitates its operations. The crux of GenAI lies in its ability to parse through data, organised in specific templates within data bins, to generate meaningful outputs. The collection of data based on criteria and sorting them into specific bins is what I mean by a 'templated' approach in this regard. Without such a structured input process, these data repositories risk becoming mere data dumps, significantly diminishing the quality of AI-generated responses. This underscores the critical role of embedded AI systems in preprocessing data to ensure its utility.

Understanding an AI system's workings elucidates the importance of templated data management. Data, in its raw form, is akin to unmined gold — valuable but not immediately useful. The various sectors/sources produce large data sets, which essentially is 'raw data'. The embedded AI systems take the requirements from the GenAI system at one end and sift through raw data to make templatised trend-based data sets, which are then used as inputs for GenAI to produce the required results. This is akin to producing intelligible information or 'knowledge' by embedded AI systems. Thereafter, the GenAI system absorbs this data, analysing it to read the trends and inferring from these trends to produce results, or what can be termed as 'wisdom', which cater to the requirements of the users.

The template is a critical part of this process, and needs to be formulated by the government to ensure uniformity of the data being collected. It would also help provide a semblance of sanity and sanitation checks on the diverse data being collected from across multiple sectors and from multiple sources. Unless a specified template is implemented for the purpose, owing to the diversity of sources, the data collected may be fragmented or cluttered, which would constrain the production of fruitful outcomes from the eventual GenAI application used.

It is equally important to understand that the analysis and subsequent outcomes produced by the GenAI depend fundamentally on the nature of the data present in the system. Relying on data sets tailored to the nuances of the Indian environment is crucial for AI systems to generate accurate and relevant outcomes. The diversity of India's geography, languages, consumer behaviour and industrial landscape demands a localised approach to data compilation. This necessitates governmental oversight to ensure the representation of India's unique attributes in AI anonymised data sets, a cornerstone in leveraging AI technology for national advancement by making these data sets available for experiment and utilisation without impinging on privacy and data security.

For example, consider the scenario of implementing a national digital education initiative designed to cater to the diverse needs of India's student population, aiming to address various educational requirements across regions, accounting for local languages, varying curricula and access to resources. For the initiative to be effective, it is crucial to gather and organise detailed information about these variables and feed them into an embedded AI system. The system then analyses the data, identifies patterns, and passes them on to GenAI, thus allowing the latter to tailor educational content and delivery methods to meet the specific needs of different student groups. If the system were to rely solely on global education models/data, it might not fully capture the unique educational landscapes of India's regions, potentially leading to less effective or irrelevant content. Localised data ensures the AI system can generate more accurate and impactful solutions, showcasing the importance of tailored AI applications in national development projects.

India's ambition to become a digital economy leader necessitates a robust foundation in AI technologies. As we race forward on the digital highway, it's crucial to not just celebrate the milestones but also lay down the tracks — by focusing on the underlying AI ecosystem's components. Ensuring the comprehensive development of AI technologies, backed by localised, structured data sets, is paramount for India's journey towards technological pre-eminence. This strategic focus will not only fortify our position in the global tech arena but also ensure the sustainable and inclusive growth of our nation in the digital age. https://www.financialexpress.com/opinion/essentials-for-an-effective-ai-mould-for-india/3449438/

20. India cannot solve its water crisis without proper pricing *(livemint.com)* 08 Apr 2024

Water should be priced appropriately because it will create the incentives necessary for efficient and sustainable use of this vital resource.

A few years ago, the mayor of a Karnataka town asked me how she could prevent people from wastefully washing their yards, walls and vehicles with water from the municipal water supply. She told me she had organized awareness campaigns, promoted conservation efforts and even personally remonstrated with citizens, but to little avail. When I asked her how much they paid for the water, she replied that the monthly charge was a few tens of rupees per connection, but this was not strictly enforced. She was taken aback when I told her that was why her conservation efforts had been unsuccessful.

An underpriced resource is over-consumed. That is what is happening across the country, where underpriced water and electricity are causing people to consume more than the optimum. It is not a surprise that we are going from water scarcity to water crisis. The current approach of underpricing water is no longer tenable, for water crises will only get worse in the coming years. Water can only be conserved when it is priced at marginal cost, at the most expensive litre of water produced to satisfy a given demand.

In Bengaluru, residential piped water costs between ₹7 and ₹45 per 1,000 litres. Houses that do not have access to municipal water supply purchase water from tankers at around ₹150 during normal times and up to ₹250 during shortages. Thus the marginal cost of water is 20 to 35 times what the fortunate people with access to municipal supply pay. If prices go up, people will adopt flow controllers, bucket showers, rainwater harvesting and other conservation measures with greater urgency.

So pricing water is a solution to the scarcity and sustainability problem. The question is how do **we get there.**

There is no doubt that water is a necessity of life and everyone should have access to a basic quantity of it for drinking and washing. The United Nations General Assembly has decreed that every human has a right to 50 to 100 litres of water per day from a source less than 1km and 30 minutes from home. In a country with many poor and low-income households, this water should be available regardless of one's ability to pay. There is a case to make available this basic quantity of water free of cost to poor households.

With the availability of a robust social welfare infrastructure in the form of the Jan Dhan, Aadhaar and Mobile (JAM) trinity, it is already possible to ensure water is properly priced and the poor are provided the money to purchase it. Indian cities must raise water prices over a period of a few years until they are close to its marginal cost, and entitle poor households to water vouchers. Vouchers can be financed through the state government's budget until municipal water corporations are able to cross-subsidize them from their own surpluses.

Today, municipal water supply is synonymous with piped water. There is no reason why this must be so. Indeed, municipal water companies should be mandated to provide at least 100 litres per person per day regardless of the means of delivery. It should be up to them to use pipes, bore wells, tankers or bottles, as long as they achieve the outcome.

Pricing can solve upstream problems as well. One reason the Kaveri water dispute has persisted for decades is that there is no reason for the claimants to moderate their claims. The more they ask, the more the tribunal is likely to eventually assign them.

My colleagues at Takshashila have shown that a more efficient and less contentious allocation system is indeed possible. States that claim more than a low basic quota must pay for the excess into a Kaveri Water Fund. States that take below their quota can receive money instead. This would allow state governments the flexibility to choose a wider set of policies, and give them the financial resources to compensate farmers and others who have to change their water-use patterns. Pricing will create incentives to economise on the use of water and lead to a more efficient allocation.

The policy design is not tremendously difficult and the projects can be made financially viable. The biggest hurdle is a political system that is addicted to populism. Indian politicians know how to make paid things free. They are unfamiliar with the idea of making free things chargeable. Yet, there are examples—national highways, for instance—where pricing has created a bigger and better road network.

Water should be priced not because it will bring new sources of revenue to governments, but because it creates incentives for conservation. Tackling scarcity requires action on multiple fronts: increasing efficiency of use, promoting reuse, governing ground-water, harvesting rainwater, rehabilitating water bodies, building new infrastructure and so on. It is hard to implement these at the scale required because there are few incentives to do so. No government has the capacity to cajole or coerce everyone into action. Pricing provides a strong incentive for people to do the right things. There is no alternative. https://www.livemint.com/opinion/online-views/india-cannot-solve-its-water-crisis-without-proper-pricing-11712483059264.html