NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Decoding India's economic realities: Comparing the state of the economy under the NDA and UPA governments *(thehindu.com)*

Updated February 13, 2024

Official data on the real economy under the NDA regime has been criticised from several quarters for overestimating its own macroeconomic performance and undervaluing that of the UPA regime

With the BJP-led government exuding over-confidence on the state of the economy, the interim Budget presented earlier this month has shifted focus to fiscal consolidation. Finance Minister Nirmala Sitharaman has projected that the fiscal deficit; which was expanded to 9.2% of GDP in 2020-21 to deal with the pandemic-induced recession; would be brought down to 5.8% by the end of the current financial year and 5.1% by next year to reach the targeted 4.5% of GDP by 2025-26.

The interim Budget signals significant cutbacks in public expenditures, slashing effective capital expenditure by ₹1 lakh crore and reducing welfare and subsidy allocations. Despite a nominal GDP growth of 9%, down from the previous year's 10.5%, the government faces challenges with a slowdown in economic activity. Real GDP growth stands at 7.3%, above last year's 7.2%, while the IMF questions the accuracy of official growth estimates, recommending statistical upgrades. The fiscal situation is complicated by rising debt liabilities, marking a formal withdrawal of post-pandemic stimulus in the interim Budget

NDA vs UPA: Budget priorities and indicators

The tables here provide a comprehensive overview of India's fiscal landscape, detailing major heads of expenditures, revenues, deficits, and debt during the last two regimes

TABLE 1: Union Budgets - Major Heads of Expenditures, Revenues, Deficits & Debt

	UPA-I	UPA-II	NDA-I	NDA-II	Interim Budget
	2004-05 to 2008-09 (Annual Average)	2009-10 to 2013-14 (Annual Average)	2014-15 to 2018-19 (Annual Average)	2019-20 to 2023-24* (Annual Average)	2024-25 Budget Estimates
Expenditures (% of GDP)					
Total Expenditure	14.8	15	12.8	15.5	14.5
Revenue Expenditure	12.6	13.2	11.1	13.1	11.1
Capital Expenditure	2.2	1.8	1.7	2.4	3.4
Food Subsidy	0.7	0.9	0.8	1.2	0.6
Fertiliser Subsidy	0.7	0.8	0.5	0.6	0.5
Petroleum Subsidy	0.1	0.7	0.2	0.1	0.0
Defence	2.1	2.0	1.6	1.6	1.4
Agriculture	0.2	0.3	0.3	0.6	0.4
Education	0.5	0.7	0.5	0.4	0.4
Health	0.3	0.3	0.3	0.3	0.3
Rural Development	0.8	0.8	0.7	0.9	0.8
Urban Development	0.1	0.1	0.2	0.3	0.2
Revenues (% of GDP)					
Centre's Revenue Receitps	10.0	9.2	8.6	8.7	9.2
Centre's Tax Revenue (Net of States' Share)	7.7	7.3	7.1	7.4	7.9
Non-Tax Revenue	2.1	1.8	1.5	1.3	1.2
Gross Tax Revenue	10.8	10.2	10.8	10.9	11.7
Corporation Tax	3.3	3.7	3.3	2.8	3.2
Taxes on Income	1.8	2	2.3	2.9	3.5
Union Excise	2.7	1.7	1.8	1.4	1.0
GST	n.a.	n.a.	1.1	3.0	3.3
Customs	1.9	1.6	1.2	0.7	0.7
Deficits & Debt Indicators (% of GDP)					
Fiscal Deficit	4.0	5.4	3.7	6.6	5.1
Revenue Deficit	2.5	4	2.5	4.3	2.0
Interest Expenditure	3.6	3.2	3.1	3.4	3.6
Central Government Liabilities (end of period) #	58.6	52.2	49.6	58.1	57.2
States' Finances (% of GDP)					
States' Share in Central Tax Revenues	2.8	2.8	3.7	3.4	3.7
Net Resources Transferred to States & UTs	4.7	4.8	6.1	6.7	6.9
State Governments' Liabilities (end of period) #	13.6	14.9	20.9	25.7	26.9

Source: Union Budget Documents, Various Years & DBIE, Reserve Bank of India
** Revised Estimates for 2023-24, Budget Estimates for 2024-25;*
 # Central & State Government's Liabilities in 2024-25 are projections from Union Budget & IMF; Actuals for all other Years

Added to this is the prospect of a slowdown in economic activity, regarding which the government seems to be in denial. Despite the nominal GDP growth rate falling to 9% in the current year from 16% last year, real GDP growth (at constant prices) has been estimated at 7.3% (advanced estimates), slightly above the 7.2% registered last year, implying that the value of the GDP deflator — which should correspond with the retail inflation rate — has fallen below 2% in 2023-24. Official data, on the other hand, shows the monthly average of consumer price inflation (Consumer price index-CPI-combined) at 5.5% for 2023-24.

This anomaly has once again revived the debate over the accuracy of official growth estimates. The International Monetary Fund (IMF), in its latest staff report on India

(November 2023) has pointed out several defects and deficiencies in real sector data, particularly that of national accounts, employment, and prices, recommending an upgradation and expansion of official statistics. It is noteworthy that in its January 2024 Update of World Economic Outlook, the IMF has projected India's real GDP growth as 6.7% for 2023-24 and 6.5% for 2024-25, reflecting a deceleration of economic activity.

Budget and Public Finance

The Finance Minister has sought to divert attention from this debate over the present direction of change in economic activity, by presenting a "White Paper" in Parliament on the past twenty years. The white paper alleges that the United Progressive Alliance (UPA) had left behind a "deeply damaged economy" marred by "governance, economic and fiscal crises" in 2014, which is claimed to have "turned around" and "rebuilt" from its foundations in the past 10 years by the National Democratic Alliance (NDA) regime. The evidence presented in support of this macroeconomic narrative, however, is a concoction of cherry-picked data, half-truths, evasions, and counter-factual assertions. The 55-page document mentions the word "inflation" 34 times, while the word "jobs" and "employment" is mentioned twice, and "unemployment" never at all; which exposes the skewness of its analysis.

Over the past 20 years, fiscal trends show no clear pattern between UPA and NDA regimes (See Table 1). NDA-I reduced expenditures as a percentage of GDP, while NDA-II increased spending significantly post-pandemic. NDA-II's expenditure record is mixed compared to UPA, with improvements in certain areas but declines in others. The NDA-I government had reduced expenditures relative to GDP on most major heads compared to the UPA regime, including capex, subsidies, defence, education and rural development. NDA-II increased the outlays on those heads significantly vis-a-vis NDA-I. However, the expenditure record of the NDA-II government vis-a-vis the UPA era remains mixed; outlays on capex, food subsidy, agriculture, and urban and rural development improved, while outlays on education, defence and subsidies on fuel and fertilizer fell, as per cent of GDP. Health expenditure as a share of GDP saw no change at all between the UPA and NDA rule, despite the pandemic.

On the revenue front, gross tax revenues in GDP showed minor improvement during the NDA rule compared to UPA's, but non-tax revenues deteriorated. Overall there was a decline in the Centre's revenue receipts as a share of GDP, partly due to the increase in the State's share in Central taxes following the implementation of the 14th Finance Commission recommendations.

NDA's revenue mobilisation strategy revolved around increasing indirect tax collections on one hand, through GST rollout and levying high excise duties on petro-products and expanding the income tax base on the other. Central Board of Direct Taxes (CBDT) data show that the number of individual income taxpayers with positive tax payments increased from 1.25 crore in 2012-13 (assessment year) to 2.08 crore in 2021-22 (assessment year). The average tax paid per individual income taxpayer more than doubled from ₹91,200 to ₹2.03 lakh in 2021-22. This raised income tax revenues from the UPA years' annual average of around 2% of GDP to 2.3% under NDA-I and 2.9% during NDA-II.

In sharp contrast, however, corporate tax collections fell as a share of GDP, from the UPA era average of 3.5% of GDP to 3.3% under NDA-I and further to 2.8% under NDA-II. Aggregate income tax collections are projected to surpass corporate tax collections by over ₹1.13 lakh crore in 2024-25.

CBDT data show the number of companies paying positive taxes rising from 3.45 lakh in 2012-13 (assessment year) to 4.57 lakh in 2021-22 (assessment year). Yet, data from the "Statement on Revenue Impact of Tax Incentives under the Central Tax System", annexed with the Receipt Budgets, show that the effective corporate tax rate, which inclusive of the dividend distribution tax had risen from 24.2% in 2012-13 to 30.4% in 2018-19, had fallen sharply to 22.2% in 2020-21.

The withdrawal of the dividend distribution tax and sharp reduction in the corporate tax rate through the new tax regime introduced in 2019-20, have led to massive revenue losses under the NDA-II government, whose estimates the government has suppressed till date. Such a revenue mobilisation strategy, while transferring income from the poor (through enhanced indirect taxes) and middle classes (through income taxes) to the profit-making corporate sector, besides exacerbating income inequality, has also failed to generate adequate revenues at a time when public expenditure was being enhanced under NDA-II, following the onset of the pandemic and recession.

As a result, the revenue deficit has eventually bloated to an average of 4.3% of GDP under NDA-II and the fiscal deficit averaging at 6.6%, raising the central government's debt from 52% of GDP at the end of UPA rule and around 50% under NDA-I to the current level of 58%. Annual interest expenditure has also risen from the low of 3.0% earlier to 3.6% of GDP in the current period, which the government is now trying to reckon with, by slashing capex, subsidies and welfare expenditure in the interim Budget.

It is also noteworthy, that despite the enhanced level of resources transferred to the States in the past 10 years, combined debt of the State governments have grown faster than that of the Centre under the NDA rule than the UPA era. This underlines the inadequacy of current level of fiscal transfers to the States, given their expanding expenditure commitments.

Growth and inflation

Official data on the real economy under the NDA regime has been criticised from several quarters for overestimating its own macroeconomic performance and undervaluing that of the UPA regime. Even then, the simple truth which is evident from the official data is that on average, real GDP growth was at least one percentage point higher during the UPA decade than that of the NDA (See Table 2). Not only did the deep slump following the pandemic and lockdown cause major disruption during NDA-II, but slowdown in the economy was already evident under NDA-I after the successive policy shocks of demonetisation and GST rollout. The UPA era had also witnessed the global financial crisis and consequent worldwide recession in 2008-09, which was also a major external shock.

TABLE 2: Macroeconomic Indicators

	UPA-I	UPA-II	NDA-I	NDA-II
	2004-05 to 2008-09	2009-10 to 2013-14	2014-15 to 2018-19	2019-20 to 2023-24
Growth & Inflation				
Nominal GDP Growth Rate (Annual Average)	14.6	15.3	11.0	9.7
Real GDP Growth Rate (Annual Average)	6.9	6.7	7.4	4.4
Annual CPI Inflation - Average of Months (End of Period)*	9.1	9.4	3.4	5.9
Annual Food Inflation - Average of Months (End of Period)*	12.3	11.9	0.7	7.1
Sectoral Shares in GVA				
Gross Value Added (Basic Prices) Growth Rate (Annual Average)	7.0	6.3	7.0	4.5
Share of Agriculture in GVA (%) (End of Period)	19.6	17.8	14.8	14.4
Share of Services in GVA (%) (End of Period)	47.9	51.1	54.0	54.6
Share of Industry in GVA (%) (End of Period)	32.4	31.2	31.2	31.0
Share of Manufacturing in GVA (%) (End of Period)	17.1	17.2	18.3	17.7
Domestic Consumption & Investment				
Private Consumption (PFCE) as % of GDP (Annual Average)	56.9	56.2	58.9	60.9
Real Private Consumption Expenditure (PFCE) Growth % (Annual Average)	5.9	6.4	7.2	4.7
Investment (GFCF) as % of GDP (Annual Average)	33.5	33.2	28.9	28.6
Public Investment (GFCF) as % of GDP (Annual Average)	8.0	7.6	7.0	7.5
Private Investment (GFCF) as % of GDP (Annual Average)	25.5	25.6	21.9	21.1
Real Investment (GFCF) Growth Rate % (Annual Average)	12.3	7.5	7.3	6.2

Source: Union Ministry of Statistics & Programme Implementation & Reserve Bank of India
**CPI-IW till 2008-09, CPI-Combined for Subsequent Periods*

Gross value added (GVA) growth in basic prices also reflect the same trend as real GDP, with the average growth rate first rising during UPA I, then falling during UPA II, rising again in the NDA I period and then falling sharply during NDA II. Most importantly, the ten years of NDA rule could not provide any break with the sectoral pattern of growth witnessed during the UPA era. Agricultural growth remained way below the overall GVA growth rate, with its share in overall GVA falling continuously. With the share of manufacturing and industrial sectors remaining largely the same under UPA and NDA periods, the services sector's share in GVA increased from below 48% in 2008-09 to over 54% in GDP. The Make in India initiative launched by the NDA, to transform India into a "global manufacturing hub", could not succeed in altering the services-led growth trajectory.

Real investment and export growth was significantly higher during the UPA decade than the NDA's, which explains the cause of higher real GDP growth during the former regime, despite being interrupted by a global recession. Private investment (GFCF) as a share of nominal GDP during the UPA decade remained significantly higher than the later period. In contrast, growth during NDA-I was private consumption led. During NDA-II's tenure, even real private consumption growth fell significantly, making economic growth largely dependent on the fiscal stimulus. This is clearly borne out by the rising fiscal deficit and debt-GDP ratio under NDA-II.

UPA's growth record, although higher than NDA's in magnitude, had three major problem areas, which the Finance Ministry's "White Paper" has highlighted. What is missing though is an honest appraisal of how far the NDA regime has been able to address and resolve them.

The most problematic aspect of UPA era's growth process was the high inflation that accompanied it, particularly the double digit food inflation (Table 2). The new series of CPI data reflect a sharp decline in the overall consumer inflation rate by the end of NDA-I's tenure to 3.4%, but a resumption of the inflationary trend under NDA-II, averaging around 6% annually. As was the case with the UPA regime, NDA too has relied upon the Reserve Bank of India to try and control inflation by raising its policy interest rate and managing liquidity.

Despite the repo rate being hiked from 4% in mid-2020 to 6.5% in February last year, where it has been held till date, the headline inflation rate has stubbornly ranged between 5-7% in the past two years, with average food inflation crossing 7% in 2023-24. This demonstrates, as it did during the UPA era, that RBI's repo rate adjustments have very little influence on food price movements in India.

India's tax-to-GDP ratio to hit a record high of 11.7% of GDP in 2024-25: Revenue Secretary
The National Democratic Alliance (NDA) regime has done little to address the major supply side factors driving food inflation, beyond imposing ad hoc export bans. While cash transfer schemes like PM-Kisan or the distribution of free foodgrains to poorer households can provide much needed income support and relief, they can neither improve agricultural productivity nor modernise storage and marketing of food items like vegetables, pulses and cereals, whose prices are driving food inflation today. The only method conceived by the NDA to address these issues was to facilitate a wholesale corporate takeover of India's food and agricultural economy by enacting three farm laws in September 2020, which had to be eventually rescinded following a year-long protest by north Indian farmers. Since then, the NDA-II government has remained as clueless as the UPA (United Progressive Alliance)-II was, in dealing with food inflation and agriculture.

The second problem with UPA's growth story was that while exports grew rapidly, imports grew even faster, partly due to rising global crude prices, which worsened the current account balance and increased external vulnerability. During the NDA regime, both export and import growth declined, which impacted economic growth adversely but improved the external trade balance. Further, during the NDA decade, net FDI inflows increased as a share of GDP but remittance inflows, which remained significantly higher than net FDI inflows, declined compared to the UPA decade. The end-result has been mixed.

The fall in India's foreign exchange reserves during NDA-I could be reversed during NDA-II, but the rupee has continued to depreciate vis-a-vis the dollar. The rupee-dollar exchange rate, which fell from ₹43 to ₹60 per dollar during the UPA rule has fallen further to ₹83 during NDA's tenure. In the context of the post-pandemic surge in global inflation last year, the rupee depreciation has only imported the inflationary trend into the domestic economy.

The problem of NPAs

The third problem with UPA's higher growth and private investment phase was that it led to rising big ticket corporate defaults, initially concealed through debt restructuring, which ultimately left a huge pile of legacy Non-Performing Assets (NPAs) in the banking system. The Modi government is claiming credit for restoring the health of Public Sector Banks (PSBs) by reducing the Gross Non-Performing Assets (GNPA) stock significantly. The fact remains that while cumulative NPA reduction under the NDA rule through all recovery channels, including the Insolvency and Bankruptcy Code was around ₹10.8 lakh crore (till March 2023), NPA write-offs have amounted to over ₹14.8 lakh crore in the same period.

Table 1: Macroeconomic Indicators

	UPA-I	UPA-II	NDA-I	NDA-II
	2004-05 to 2008-09	2009-10 to 2013-14	2014-15 to 2018-19	2019-20 to 2023-24
Banking Sector				
Bank Credit Growth Rate % (Annual Average)	27.2	16.7	10.3	10.3
Aggregate Bank Deposit Growth Rate % (Annual Average)	20.6	15.0	10.3	9.8
Gross NPA of Scheduled Commercial Banks (₹Crore) (End of Period) #	68328	264381	936474	571546
Total NPA Recovery of Scheduled Commercial Banks (₹Crore) #	139451	324191	598981	479881
Total NPA Write-Offs of Scheduled Commercial Banks (₹Crore) #	8500	55002	639980	842414
External Sector				
Net Exports of Goods & Services (Exports less Imports) % of GDP (Annual Average)	-3.4	-5.2	-2.8	-2.2
Real Export Growth % (Annual Average)	18.9	8.9	3.5	6.4
Real Import Growth % (Annual Average)	21.7	6.4	5.1	7.5
Net FDI Inflows % of GDP (Annual Average)**	1.0	1.1	1.4	1.3
Inward Remittances % of GDP (Annual Average)	3.3	3.5	2.9	3.1
Forex & Exchange Rate				
Foreign Exchange Reserves % of GDP (End of Period)##	23.3	16.3	15.1	17.4
Rupee Dollar Exchange Rate (in ₹) (End of Period)	50.9	60.1	69.2	83.0

**CPI-IW till 2008-09, CPI-Combined for Subsequent Periods # GNPA and NPA movement estimates are till March 2023.*
***4-Yr Average for NDA II (2019-20 to 2023-24) ## Forex Data till January 2024*

The PSBs, which accounted for over ₹10.65 lakh crore of these NPA write offs had to absorb substantial losses because of NPA provisioning, making net losses between 2017-18 and 2019-20. Simultaneously, since 2017-18 massive doses of capital was infused into PSBs and financial institutions like the EXIM Bank, the Industrial Development Bank of India (IDBI) and the India Infrastructure Finance Company Limited (IIFCL), in order to bail them out. As disclosed in the Receipt Budgets, the Centre's total debt burden on account of these recapitalisation bonds have increased to ₹2.90 lakh crore by 2023-24, and their annual interest expense of over ₹19,000 crore is being met through the central government's revenue expenditure since 2019-20. Bank recapitalisation under the UPA rule, which was of a much smaller magnitude, was audited by the Comptroller and Auditor General of India (CAG), covering the period between 2008-09 to 2016-17. However, bank recapitalisation executed under the NDA rule has not been audited by the CAG so far. Such an audit is necessary to evaluate the massive NPA write offs by the PSBs and conclude whether private sector debt defaults have been subsidised through the public exchequer.

Income and employment

The efficacy of Union Budgets needs to be judged in terms of their impact on the lives of ordinary people. The Finance Minister has claimed in the Budget speech that under NDA rule “people are living better and earning better, with even greater aspirations for the future. Average real income of the people has increased by fifty per cent.” However, how true is this claim? Official data shows that real per capita income in India, estimated by the inflation-adjusted Net National Income (NNI), registered a growth of 50.3% during the ten years of UPA rule. During NDA’s ten year rule, real per capita income grew by 43.6%, reflecting a slowdown in inflation adjusted income growth across India.

Table 2: Per Capita Income & Growth

	UPA I & II		% Growth	NDA I & II		% Growth
	2004-05	2013-14	10 Year Period	2014-15	2023-24	10 Year Period
Nominal Per Capita Income (NNI) (in ₹)	25987	79118	204.5	86647	185854	114.5
Real Per Capita Income (NNI) (in ₹)	45611	68572	50.3	72805	104550	43.6

The NDA government often cites the annual Periodic Labour Force Survey (PLFS) findings to claim a reduction in the unemployment rate between 2017-18 and 2022-23. However, comparable estimates from the NSS 68th round on Employment and Unemployment Situation in India, shows that unemployment rates, estimated by both current weekly status and adjusted usual status, grew very sharply between 2011-12 to 2017-18.

Table 3: Employment, Unemployment & Earnings

	NSS 68th Round - 2011-12	PLFS 2017-18	PLFS 2022-23	Variation	
	(A)	(B)	(C)	(B-A)	(C-B)
	Unemployment Rates (%)				
Unemployment Rate % (CWS)	3.7	8.9	5.1	5.2	-3.8
Unemployment Rate % (Usual Status, ps + ss)	2.3	6.1	3.2	3.8	-2.9
Unemployment Rate % among Youth (15-29 Yrs) (Usual Status, ps + ss) - Rural	4.9	16.6	8	11.7	-8.6
Unemployment Rate % among Youth (15-29 Yrs) (Usual Status, ps + ss) - Urban	9.2	20.6	15.7	11.4	-4.9
Educated Unemployment Rate % (Secondary and Above, 15 Yrs+) (Usual Status, ps + ss) - Rural	4.7	11.5	6.6	6.8	-4.9
Educated Unemployment Rate % (Secondary and Above, 15 Yrs+) (Usual Status, ps + ss) - Urban	5.1	11.3	8.4	6.2	-2.9
	Status in Employment (Usual Status, ps + ss)				
Share (%) of Self-Employed in Usually Employed - Rural	55.9	57.8	63	1.9	5.2
Share (%) of Self-Employed in Usually Employed - Urban	42	38.3	39.6	-3.7	1.3
Share (%) of Regular Wage/Salaried in Usually Employed - Rural	8.8	13.1	12.2	4.3	-0.9
Share (%) of Regular Wage/Salaried in Usually Employed - Urban	43.4	47	48	3.6	1
Share (%) of Casual Labour in Usually Employed - Rural	35.3	29.1	24.8	-6.2	-4.3
Share (%) of Casual Labour in Usually Employed - Urban	14.6	14.7	12.4	0.1	-2.3
	Informal Sector (Usual Status, ps + ss) (Rural + Urban)				
Share (%) of Workers engaged in Agriculture	48.9	44.1	45.8	-4.8	1.7
Share (%) of Workers in Usual Status (ps + ss) employed in Informal (P&P) Non-Agricultural Enterprises	37	38.2	40.3	1.2	2.1
Share (%) of Regular Wage/Salaried Employees without Social Security Benefit in Non-agriculture sector	55.4	49.6	53.9	-5.8	4.3
	Average Monthly Earnings (Rural + Urban) (in ₹)				
		Apr-Jun, 2018	Apr-Jun, 2023	Growth (%)	
Average Monthly Wage Earnings from Casual Labour work other than public work*	n.a.	5741	8547	48.9	
Average Monthly Earnings of Regular Wage/ Salaried Employees	n.a.	16847	20039	18.9	
Average Monthly Earnings from Self-Employment	n.a.	12304	13347	8.5	

**Calculated from data on average earnings per day and actual days worked in a week*

Source: Union Ministry of Statistics & Programme Implementation

Moreover, while the unemployment rates declined between 2017-18 and 2022-23, the open unemployment rates of 2022-2023 were still higher, not only vis-a-vis the NSS 68th round of 2011-12, but compared to all the eight previous NSS rounds conducted since 1972-73. The open unemployment rates have never been so high in India in the last 50 years. Unemployment was particularly high among the urban youth aged 15 to 29 years and among those with an educational level of secondary and above. Within those employed, the share of casual workers show a declining trend both in rural and urban areas, while the proportion of self-employed have increased progressively. In 2022-23, self-employed workers and helpers in own account enterprises made up 63% of the rural labour force and almost 40% of the urban labour force. The share of regular wage/salaried workers has declined in rural areas and increased in urban areas between 2017-18 and 2022-23. However, the share of those without any social security benefit has increased within the salaried workers category.

Even as agriculture's share in Gross Value Added (GVA) has declined to 14.4% in 2023-24, there has been an increase in the share of workers engaged in agriculture between 2017-18 and 2022-23. The share of workers engaged in informal non-agricultural enterprises has also increased since 2011-12. These trends in employment status from the PLFS data point towards growing informalisation of the labour force, contrary to official claims of increased formalisation.

Skilled but not employed

The Finance Minister had claimed in the Budget speech that the government's "Skill India Mission" has trained 1.4 crore youth and 54 lakh youth have been up-skilled and reskilled. However, the dashboard in the official site of the PM Kaushal Vikas Yojana shows that out of 1.10 crore certified candidates, only 24.51 lakh, that is around 22%, have been "Reported Placed". Such excess supply of skilled workers in the economy and growing informalisation is working as a dampener on wage and earnings growth. PLFS data further show that the average earnings of casual labour in non-public work to be ₹8,547 in 2022-23, that of self-employed workers to be ₹13,347 and that of regular wage/salaried workers to be ₹20,039. While casual labourers' average earnings has grown by around 49% in five years since 2017-18, and regular wage/salaried workers by 19%, average earnings of self-employed workers rose by 8.5% only in five years. With annual retail inflation rate averaging 6% during NDA-II's tenure, less than 2% annual growth in average earnings for the self-employed clearly indicate a decline in their real earnings. 57% of India's labour force engaged in self-employment, are certainly not "living better and earning better", as the Finance Minister would want us to believe. It is their hopes and aspirations that stand betrayed. https://www.thehindu.com/business/budget/decoding-indias-economic-realities-comparing-the-state-of-the-economy-under-the-nda-and-upa-governments/article67835050.ece

STATES NEWS ITEMS

2. CAG को नोएडा प्राधिकरण देगा एक साल का रिपोर्ट कार्ड:जनवरी 2023 से 2024 तक की फाइलों को खंगाला जा रहा, आपत्तियों का जवाब देना होगा *(bhaskar.com)* 13 Feb 2024

सीएजी (नियंत्रक एवं महालेखा परीक्षक) ने नोएडा प्राधिकरण से जुड़े कामकाज की एक बार फिर जांच शुरू कर दी है। इस बार जनवरी 2023 से जनवरी 2024 तक की फाइलों को खंगालना शुरू किया है। पूरे साल भर के विभागीय रिकार्ड, जिसमें लैंड, अलाटमेंट, आवंटी का नाम, कितनी धनराशि में आवंटन से लेकर आवंटन के नियम तक सभी जानकारी मांगी गई है। https://www.bhaskar.com/local/uttar-pradesh/gautambudh-nagar/news/noida-authority-will-give-one-year-report-card-to-cag-files-are-being-scrutinized-from-january-2023-to-2024-objections-will-have-to-be-answered-like-this-132580266.html

3. MP News: कैग की ऑडिट रिपोर्ट को गंभीरता से नहीं लेते शासकीय विभाग *(newspuran.com)* 12 Feb 2024

लाखों-करोड़ों रुपया खर्च कर नियंत्रक महालेखा परीक्षक (कैग) कड़ी मशक्कत और गंभीर निरीक्षण के बाद ऑडिट रिपोर्ट तैयार करता है। इन ऑडिट रिपोर्ट में सरकारी योजनाओं को क्रियान्वयन में

गड़बड़ी और वित्तीय अनियमितता को उजागर कर एक्शन-टेकन के लिए रिपोर्ट विभागों को भेजता है, किंतु अपर मुख्य सचिव, प्रमुख सचिव और विभाग प्रमुख कैग की रिपोर्ट को गंभीरता से नहीं ले रहें हैं।

नियंत्रक महालेखा परीक्षक ने अपने ताजा रिपोर्ट में इस आशय के संकेत दिए हैं। कैग के प्रतिवेदन में साफ तौर पर कहा है कि विभाग द्वारा एक्शन-टेकन रिपोर्ट 6 सप्ताह में प्रस्तुत करना चाहिए किंतु ऐसा नहीं हो रहा है। हाल ही में विधानसभा में प्रस्तुत प्रतिवेदन में सबसे अधिक कंडिकाएं नगरीय विकास एवं आवास, लोक निर्माण विभाग और वन विभाग की लंबित है।

कैग की रिपोर्ट के अनुसार पिछले 6 वर्षों में 17 डिपार्टमेंट में 18186 कंडिकाएं लंबित है। इनमें से सबसे अधिक नगरीय विकास एवं आवास विभाग में 9426, लोक निर्माण में 2939 और वन विभाग में 2609 कंडिकाएं लंबित है। कैग ने अपने प्रतिवेदन प्रशासनिक विभागों से अपेक्षा की है कि लेखा परीक्षा प्रतिवेदनों में सम्मिलित खड़काओ और निष्पादन लेखा परीक्षा के विधानसभा में प्रस्तुति के 3 महीने के भीतर विधिवत रूप से आडिट आपत्तियों के उत्तर दी जानी चाहिए।

दिलचस्प पहलू यह है कि वन विभाग में जून 2016 और लोक निर्माण विभाग में दिसंबर 2021 से उत्तर लंबित है। इन दोनों विभागों ने कैग की कंडिकाओं को गंभीरता से नहीं लिया है। कैग ने अपनी ऑडिट रिपोर्ट में ही वन विभाग की कई गड़बड़ियों को उजागर किया है।

मसलन, वन विभाग ने आपात्र से गतिविधियों पर अनियमित रूप से 53.29 करोड़ और सागौन के रोपण में 29.58 करोड़ रूपया का अनियमित व्यय किया। कैग ने अपनी रिपोर्ट में यह आशंका जताई है कि ऑडिट रिपोर्ट और लेखा परीक्षा की कंडिकाओं पर कार्यवाही के अभाव में गंभीर वित्तीय अनिमितताओं के जारी रहने का जोखिम बना रहता है।

सबसे अधिक इन विभागों में लंबित है कंडिकाएं

विभाग	लंबित कंडिकाएं
नगरीय विकास एवं आवास	9426
लोक निर्माण	2939
वन विभाग	2609
वित्त विभाग	854
पीएचई	850
संस्कृति	460

https://www.newspuran.com/mp-news-government-departments-do-not-take-cag-audit-report-seriously#google_vignette

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. Parliamentary panel tells Centre to identify reasons for 'slow pace' of its Smart Cities Mission *(theprint.in)* 12 February, 2024

According to report tabled by standing committee on Housing and Urban Affairs last week, 47% projects in 20 cities under construction as of December. Mission deadline is June.

A parliamentary panel has asked the Narendra Modi government to look into the slow pace of work under its flagship urban renewal initiative Smart Cities Mission (SCM), months before the programme's deadline.

The House panel's directions were mentioned in its report tabled in Parliament on 8 February. As of two months ago, 47 percent of projects sanctioned under the initiative were still in various stages of completion in 20 of the 100 smart cities. The mission's deadline is 24 June this year.

According to the report of the Parliamentary Standing Committee on Housing and Urban Affairs, most of the cities where 47 percent or more of the projects were in the "work order stage" (in various stages of completion) are in the Himalayan and northeastern states. Among these were Atal Nagar (Chhattisgarh), Itanagar (Arunachal Pradesh), Gangtok (Sikkim), Kochi (Kerala), Imphal (Manipur), Shillong (Meghalaya), and Puducherry, the report showed.

Launched in June 2015, the Smart Cities Mission was aimed at helping 100 cities develop core infrastructure and a clean and sustainable environment to improve the quality of life of people through "smart solutions". Under the mission, cities have taken up projects broadly under six categories: smart governance, mobility, economic infrastructure, energy, social infrastructure, vibrant urban spaces, and waste management.

As a rule, the Centre funds 50 percent of these projects while state and local governments contribute the rest. However, an exception to this funding pattern has been made for 13 Himalayan and northeastern states, for which the Centre was to contribute 90 percent of the total fund.

While the mission was initially conceived for five years, it was later extended till June 2024.

In its report, the panel headed by Janata Dal (United) MP Rajiv Ranjan Singh said the Centre should work out a plan to ensure that the work is completed before the mission ends.

According to the report, of the 7,970 projects worth Rs 1,70,400 crore taken up by 100 Smart Cities, 6,419 projects have been completed at an estimated cost of Rs 1,25,105 crore. Some 1,551 projects worth Rs 45,295 crore are at the "work order stage" till 1 December.

Analysing data provided by the ministry, the committee said that work was 80-100 percent complete in 57 cities. Of the 100 smart cities, only Madurai had completed all the projects by December 2023, the report said.

"The Committee further desire (sic) that a plan should be chalked out to strengthen the capabilities of the Urban Local Bodies (ULBs) in small cities for those not reaping the benefit of the Mission so that projects under the SCM get completed," the report said.

However, senior officials of the Union Ministry of Housing and Urban Affairs, which oversees the mission, told ThePrint that work has now picked up pace."We are

continuously monitoring the work in these cities," Kunal Kumar, MoHUA joint secretary and the director of the SCM, told ThePrint. "In the past 2-3 months, a lot of work has been completed. As of today, just 22 percent of the total work in smart cities is under various stages of implementation. By March this year, we plan to complete at least half of these and the remaining by June 2024."

Explaining the slow pace of work in some cities, Kumar said not all cities had the capacity to plan large-scale projects. "In some cities, especially in the northeastern states and some Union territories, we faced few challenges. All this took some time. But now the work has picked up pace."

According to senior ministry officials, some portion of the 400 out of 8,000 projects might go beyond June 2024, as these are "big projects involving multiple stakeholders". Of the Rs 1.71 lakh crore, projects worth Rs 1.34 lakh crore (79 percent) had been completed by 10 February, another senior ministry official who didn't want to be named said.

Ensure data privacy, house panel

Under the Smart Cities Mission, digital infrastructure such as the Integrated Command and Control Centers (ICCCs), the Adaptive Traffic Control System (ATCS), and the Red Light Violation Detection (RLVD) have been set up in 100 smart cities.

While ICCC is an integrated city monitoring system that uses equipment like CCTV cameras and emergency call box systems, the ATCS is a traffic management strategy that involves real-time changing of traffic lights to suit demand. An RLVD, meanwhile, is a surveillance system to monitor common traffic violations like jumping lights and speeding.

To protect the large data generated through the use of new technology, the committee recommended that a "robust system should be put in place to protect digital platforms from cyber attack and to ensure that sensitive public and private data is adequately protected and safeguarded".

According to ministry officials, several measures have been taken to ensure data projects.

"By March, the ministry will come up with a set of recommendations for cities for the management of SPVs (Special Purpose Vehicles) and ICCCs. We have taken several key initiatives to ensure data protection. We have tied up with Standardisation Testing and Quality Certification under the Ministry of Electronics and Information Technology to carry out cyber security audits of all ICCCs and digital infrastructure created under the SCM. Besides, a third party (Quality Council of India) has been appointed to assess the functioning of ICCCs on 10 different parameters." Kumar said.

Standardisation Testing and Quality Certification is a government body that offers quality assurance standards to the IT and electronics sector and is responsible for maintaining e-governance standards in India. The Quality Council of India, meanwhile, is an autonomous body established under the private-public-partnership model to monitor and improve quality in various departments and industries in India.

In its report, the House panel has also recommended that the Centre should draw up a plan for the maintenance and upgradation of infrastructure and digital assets created under the Smart Cities Mission. https://theprint.in/india/governance/parliamentary-panel-tells-centre-to-identify-reasons-for-slow-pace-of-its-smart-cities-mission/1963475/

5. The white paper we got wasn't the one needed urgently today *(livemint.com)* 13 Feb 2024

There's a glaring disconnect between India's self-congratulatory narrative on the economy and official growth estimates. India's economic growth is the fastest. But gross value added (GVA) of agriculture will grow 1.8% in 2023-24, slower than 4% the previous year, according to government estimates (bit.ly/42DEo1y). That nearly 46% (bit.ly/3HUCQ9B) of our working population that toils on farms is experiencing such low growth is what likely made the Narendra Modi administration promise free food to about 40% of Indians for the next five years.

This may call for a review of the growth strategy the finance ministry is pursuing, the workhorses of which are the budget's capex and welfare spending. It needs to be evaluated if capex outlays are ensuring meaningful growth for the bulk of our people. Welfare spending is largely on wages under the rural jobs guarantee scheme that are too meagre to assure economic well-being, while free wheat and rice provide calories, not nutrition. Whether this welfare spending is the best possible response to low rural economic growth needs to be assessed. Instead, the ministry has presented in Parliament a white paper that can only be called an exercise in partisan politics. Was this necessary when the government is so evidently popular?

Recall that India's response to the global financial crisis in 2008 was designed by economists. Then prime minister Manmohan Singh held the finance portfolio, assisted by an experienced team. Montek Singh Ahluwalia, as finance secretary, had helped steer the 1991 reforms. C. Rangarajan, as governor of the Reserve Bank of India (RBI), had devalued the rupee and permitted private banks to be set up. Ahluwalia was now planning commission's deputy chairman while Rangarajan chaired Singh's economic advisory council. P. Chidambaram, as commerce minister, had corrected India's trade tariffs in 1991. As home minister, he pitched in too. Arvind Virmani was chief economic adviser.

A growth collapse was averted and our economy emerged from the crisis quickly. Sustaining the recovery required careful handling. Singh's team was the best bet for this, and, as I wrote in The Lost Decade, he would have kept the finance portfolio. An emergency coronary bypass surgery he underwent in January 2009, however, brought to the ministry Pranab Mukherjee, who had been finance minister in Indira Gandhi's cabinet long before liberalization.

Mukherjee had unbridgeable differences of economic ideology with Singh, which he aired in his first address as President in Parliament's central hall and later wrote in his memoir, The Coalition Years. From 2009 to 2012, he pushed public sector banks to lend aggressively and loosened the government's purse strings, taking the fiscal deficit to over 6% of GDP. But instead of growth, he fired up inflation and banks' non-

performing assets, ultimately landing India in the ignoble 'Fragile Five' grouping. This was a typical pre-1991 approach to policymaking.

Mukherjee's hand in the period's "policy paralysis" can be assessed from his memoirs; he introduced retrospective taxes in defiance of Singh's advice. He failed to move constitutional amendments needed for GST. He made feeble efforts to bring on board the only two states that were stalling it, the BJP-ruled Madhya Pradesh and Gujarat. Communication between him and Singh broke down. Rangarajan took important files to and fro, including for extending the RBI governor's term. Finally, Mukherjee became President and finance ministry could begin repairing the economy. Chidambaram, appointed finance minister in July 2012, asked a panel for help on reducing the fiscal deficit. It was led by the 13th Finance Commission chairman Vijay Kelkar. RBI got a report on controlling inflation from its deputy governor Urjit Patel. Glide paths were announced and the deficit was reduced. By the time elections came, inflation was still high and a work-in-progress. Growth recovered gradually but steadily until demonetization disrupted it in 2016. The IMF's Paul Cashin told me in an interview, citing data for 31 March 2004, that India was out of the 'Fragile Five.' This happened because the ministry took the advice of economists, who didn't shrink from recording what needed to be stated; Virmani's economic surveys discussed inconvenient truths about the economy, critiqued poor policy choices and recommended reforms.

In contrast to that legacy, the white paper sidesteps key issues. It starts by saying that agriculture GDP growth at the start of Singh's term was above 9%, but says little on the record thereafter. Perhaps because it has collapsed this year? It seeks to take credit for inflation management—rightly so, as prices have trended lower in Modi's tenure—but is mum about why much-needed policy advice is no longer available to the government from the architect of the monetary policy framework that delivered the relative price stability it's so proud of. Meanwhile, the government has honoured Pranab Mukherjee with a Bharat Ratna! The white paper is also quiet on reforms reversed by the Modi government. These include trade tariff hikes that make Indian exports globally uncompetitive, a reversal of pricing reforms for non-urea fertilizers, and the in-effect nationalization of the wheat and rice trade as private players are edged out by the government's heavy-handed market interventions.

The economy would be served better by a white paper on why the finance ministry's growth strategy has delivered just 1.8% growth for the bulk of India's population, and the changes it needs.
https://www.livemint.com/opinion/online-views/the-white-paper-we-got-wasn-t-the-one-needed-urgently-today-11707755098202.html

6. A strategic pause: Govt is right in avoiding hurried disinvestment, but privatisation as a policy must continue *(financialexpress.com)* February 13, 2024

The apparent rethink on the PSU policy must be seen in the changed global context, where the market has, at least transiently, ceased to be the sole mechanism for resource allocation.

Two recent statements from the government have encouraged the notion that it may be going slow on the privatisation agenda via "strategic sale" of companies owned by it. Speaking in Parliament last week, Prime Minister Narendra Modi waxed eloquent on PSUs (central public sector enterprises) gaining in strength and giving "record returns" to the stakeholders under his stewardship. Earlier, the interim Budget was markedly less ambitious on receipts from full or partial liquidation of government stakes in companies, and even dispensed with the practice of keeping a separate non-debt receipts head for "disinvestment," effective FY24. Ever since 1992, India's disinvestment policy has been on a rollercoaster ride.

The peak of disinvestment was during the period of the Vajpayee government (1999-2004), which saw the formation of a separate department of disinvestment, its elevation to a ministry, and the entry of the word "privatisation" into the official lexicon. That government presided over sale of a few PSUs—Videsh Sanchar Nigam, Hindustan Zinc, Balco, IPCL, Modern Food—as well as some ITDC hotels. It also heralded a process that culminated in the eventual exit of the government from Maruti Suzuki. While the UPA-I regime was guarded on disinvestment—it did not sell profit-making PSUs, scaled back the ministry concerned to a department, UPA-II was more willing to take the policy forward, but was again thwarted by adverse market conditions.

The Modi government created the department of investment and public asset management (Dipam) with a comprehensive mandate, including "privatisation," and began setting ambitious disinvestment targets during its second term. Its privatisation resolve was in evidence as it sold loss-making national carrier Air India to the Tata Group in early 2022 for very little cash consideration, after several pragmatic tweaks to the bidding terms, including expunging of the airline's `61,000 crore-plus legacy debt. The Budget FY22 unveiled a new policy under which the government would have a "minimum presence" in the four broad "strategic sectors". While nearly half of the FY20 disinvestment target of Rs 1.05 trillion, was achieved, the later years saw significant under-achievement, leading to scaling down of the targets themselves, with the goal for FY25 being set at just Rs 35,000 crore, under a nebulous head.

The apparent rethink on the PSU policy must be seen in the changed global context, where the market has, at least transiently, ceased to be the sole mechanism for resource allocation. There is undoubtedly a pressing need to wind up perennially loss-making state-owned companies, via the insolvency code-based process or otherwise. The languishing physical assets with them, including the redeemable land parcels, could be efficiently monetised and deployed for more productive use. PSUs that have long enjoyed monopolistic market power with subpar efficiency like Coal India and PowerGrid are now being pitted against private players with lesser privileges, forcing them to shape up. It may be presumptuous to think that none of them would survive in an innovation and tech-driven market, as the recent underground mining ventures of Coal India would testify. All the past disinvestment deals haven't been value-enhancing either. That said, there is still considerable scope for strategic sale of PSUs, including many profit-making ones, where privatisation might bring about synergies. A few larger ones like ONGC, NTPC, Coal India and SBI may be allowed to grow into global-sized firms, taking cue from a strategy China has used effectively—"grasp the big, release the small." https://www.financialexpress.com/opinion/a-strategic-pause-govt-is-right-in-avoiding-hurried-disinvestmentnbspbut-privatisation-as-a-policy-must-continue/3392249/

7. The state of the Indian economy today *(thehindu.com)* Feb 13, 2024

The state of the Indian economy today and its prospects have to be based on mathematics and statistics. We can get a reality check on the economic growth rate by examining the three conclusions that emerge today based on data published by the National Statistical Office. This helps us analyse the Modi government's economic performance as disclosed in Parliament and subsequently published in the media.

What the data say

First, India's GDP growth rate declined annually from 2016-17, and fell below 3.5% in the fourth quarter of 2019-20. This four-year continuous decline from a 7% growth rate to 3.5% rate has never been acknowledged by the government. Second, it is essential to recognise that since 2020, Prime Minister Narendra Modi's widely publicised 'vikas' or development model in reality achieved the so-called "Hindu rate of growth" in GDP, which had been "achieved" during the Congress's socialist period of 1950-77. Third, in P.V. Narasimha Rao's and Manmohan Singh's tenures as Prime Minister, India departed from the socialist path and the GDP growth rates rose for the first time to 6%-8% per year and over a 15-year period i.e., between 1991-96 and 2004-2014 (with the usual cyclical ups and downs). That is, it took Rao and Dr. Singh to understand and reform the Indian economic system, reduce state participation, and increase incentives for capital and labour providers, and achieve a higher and faster growth rate.

What is alarming since Mr. Modi assumed office is the serious and continuous decline in the GDP growth rate. The decline had began in 2016 and continues even today. The Modi government has thus failed to structure economic policy coherently. Incoherence prevailed during the 2014-2023 period and will perhaps continue in the future as well.

Furthermore, not only has the GDP growth rate been declining since 2016, but brazen announcements of rosy predictions were and are being published annually in the media, with outrageous claims made by Mr. Modi. One such claim made in 2019 was that India will become a $5 trillion economy by 2024. This implied a doubling of the GDP in five years or, in other words, a 15% annual growth rate of GDP. There has been no policy structuring presented to achieve this aim nor has anyone in the government shown willingness to debate it on public fora.

Post-COVID-19, we hear and read in the media that the growth rate of GDP is around 6% + annually. But this is misleading and deliberately so because what is not disclosed is that the growth rate includes recovery as well, since 2020-22. Hence, if we calculate the GDP growth rate between 2019-20 and 2022-23, two normal years, it works out to less than 4% per year for the period. The Modi government was elected democratically. Hence, it is obligated to disclose facts transparently to the people.

In this decade of weak demand and relatively excess supply, resources mobilised by the government should be largely through indirect taxes and also through the liberal printing of currency notes to generate demand from non-rich citizens. The annual interest paid on fixed-term savings in the bank accounts of the middle class should be higher, at 9% or so. The interest rates on loans issued to small and medium industries should be no more than 6% on the loans. These essential reforms need to be carried out to generate non-inflationary demand.

A new economic policy
"Modinomics" has been an unstructured flop. No announced macroeconomic goal has been achieved by the government till date. Thus, India urgently needs a new economic policy that is based on clearly structured and stated objectives and priorities, and a strategy to achieve the targets, with an intelligent and transparent resource mobilisation plan to finance the policies. At present, from the Finance Ministry, we only have an incoherent hotchpotch of public announcements with no accountability.

The market system is not a free-for-all or ad hoc measure. It is structured with rules of transactions. A market system with transparent and minimal regulation works since the principal drivers are incentives and domestic savings whose deployment for innovation pushes up factor productivity and thus the GDP growth rate. Even a totalitarian state such as China understood this. During Deng Xiaoping's tenure as paramount leader, it allowed the socialist economic system to die, and the economic market-based system to wash in, even while maintaining the system of political dictatorship.

The trade-offs through affirmative action, social security, and safety nets are essential for creating a stake for the poor in the system and level the playing field to create hope, ensure transparency, accountability, trusteeship [philanthropy] as well as corporate governance to legitimise profit-making that will drive the market system. Deregulation should also not mean that we reject government intervention for safety nets, affirmative action, market failures, and creating a level-playing field.

Democratic institutions have to be empowered to guard against public disorder arising from rapid deregulation, as it happened in Russia post-1991. Russia underwent chaos and misery, which meant dictatorship returned for the Russians, and with it came a loss of human rights and democratic values. The current slow slide to autocracy would lead to what has happened in Russia. https://www.thehindu.com/opinion/op-ed/the-state-of-the-indian-economy-today/article67838620.ece

8. PM Surya Ghar: Muft Bijli Yojana launched to boost solar power adoption *(business-standard.com)* 13 Feb 2024

Prime Minister Narendra Modi unveiled the 'PM Surya Ghar: Muft Bijli Yojana' on Tuesday to accelerate solar power adoption and foster sustainable development ahead of the Lok Sabha 2024 elections. The project entails an investment of more than Rs 75,000 crore, in order to boost renewable energy while also enhancing people's welfare. The initiative seeks to illuminate 10 million households by offering up to 300 units of free electricity per month.

Modi highlighted the importance of grassroots engagement, announcing incentives for urban local bodies and panchayats to encourage the adoption of rooftop solar systems within their jurisdictions.

In a post on the prime minister's official account on X (formerly Twitter), he wrote, "In order to popularise this scheme at the grassroots, Urban Local Bodies and Panchayats shall be incentivised to promote rooftop solar systems in their jurisdictions. At the same time, the scheme will lead to more income, fewer power bills, and employment

generation for people." READ: NDA provided 1.5x more govt jobs than UPA, says PM Narendra Modi

The prime minister also added that subsidies would be provided to people as well as "concessional bank loan" to ensure there is "no cost burden on the people". Furthermore, all stakeholders will be seamlessly integrated into a National Online Portal to streamline the implementation process.

The prime minister also encourages youth to join this effort. He said, "Let's boost solar power and sustainable progress. I urge all residential consumers, especially youngsters, to strengthen the PM - Surya Ghar: Muft Bijli Yojana."

To do so, people can apply at the official government web portal for the initiative - https://pmsuryaghar.gov.in
https://www.business-standard.com/india-news/pm-surya-ghar-muft-bijli-yojana-launched-to-boost-solar-power-adoption-124021300764_1.html

9. The Centre's big push for residential rooftop solar plans *(thehindu.com)* Updated February 13, 2024

The story so far: A key reason India fell short of achieving its ambitious plan to install 175 gigawatts (GW) of renewable energy from solar, wind, biomass and hydro resources by the year 2022 was the sluggish pace of its rooftop solar power installation programme, which generated a mere 5.87 GW against a target of 40 GW by the end of the year.

The Parliamentary Standing Committee on Energy later underlined the "tardy pace of progress" of the programme in a report and asked the Ministry of New and Renewable Energy (MNRE) to ensure wider adoption of grid-connected rooftop solar photovoltaic projects (RSPV) to achieve the target before the revised deadline of March 2026.

Over the past decade, the government has undertaken a series of measures and pushed through policies to make rooftop systems more accessible and affordable, but the target remains far from achieved. In a fresh attempt to spur activity in the segment and improve the share of solar power in the grid, the Centre last month unveiled the Pradhan Mantri Suryodaya Yojana (PMSY) to tap into the vast potential of rooftop projects in residential areas. The scheme found a special mention in the interim Budget 2024, with Finance Minister Nirmala Sitharaman reiterating PM's commitment that the scheme would help one crore families get up to 300 units of free electricity per month with savings of up to Rs 18,000 annually.

What is a rooftop solar system and how does it work?
Vacant spaces on the ground, and rooftops of houses and commercial and industrial (C&I) buildings receive abundant raw solar energy which can be harnessed to produce solar power. When solar photovoltaic panels that convert sunlight into electricity are placed on the top of such buildings, it is known as a rooftop solar system. A RSPV system can be either grid-connected or a standalone unit known as an off-grid solar system.

As the name suggests, an off-grid solar system is not connected to any wider electric supply system. Instead, it uses storage devices like batteries that are expensive and bulky. While such a system is self-sustaining, it only stores electricity produced in the unit.

A grid-connected rooftop solar system, meanwhile, feeds solar energy into the utility grid. Typically, such a system includes solar PV modules, an inverter, a module mounting structure, monitoring and safety equipment and meters. An inverter converts the DC power generated from solar panels to AC power, which is then fed to the grid, while meters keep track of the electricity injected and drawn from the utility grid.

In a grid-connected rooftop solar system, if the plant produces more solar energy than the installer uses, the surplus is exported to the grid. On cloudy days when solar energy is unavailable, power is drawn from the grid. A bi-directional or net meter installed on the premises of a consumer records the energy flow in both directions and the net energy used is calculated at the end of the billing period. A consumer has to pay for the net energy units used, which is the difference between total imported units and exported solar units. This is called net-metering.

A grid-connected solar power system reduces the consumption of electricity provided by corporate or state power suppliers and helps a consumer save on electricity costs.

In the case of gross metering, while the homeowner has to pay for the power drawn from the grid at rates applicable to consumers in the category, the State power distribution company (discom) pays the rooftop solar PV homeowner for the power injected into the grid as per the power purchase agreement.

Presently, there are two models for the installation of a rooftop solar system. In the CAPEX model, a consumer bears the cost and owns the system. In the RESCO model, the system is owned and maintained by a third-party developer from whom a consumer can purchase the generated energy by paying a pre-decided tariff every month.

What is driving India's solar power plan?
India gets around 250 to 300 days of sunshine per year; equivalent to about 2,200–3,000 sunshine hours in a year depending upon the location. In terms of energy, it receives around 5,000 trillion kWh of solar energy every year, and the incidence ranges from 4 to 7 kWh per square metre per day in most areas. Since this translates to immense potential, the government has undertaken a series of policy measures and provided financial incentives, keeping solar energy at the forefront of the push to achieve net-zero carbon emissions by 2070 and meet 50% of its electricity requirements from renewable sources.

India, one of the world's largest emitter of greenhouse gases, has set a target of 500 GW from non-fossil sources by 2030. For this, the country aims to install 485 GW of renewable energy capacity. Solar energy has emerged as a major prong of India's commitment to achieve these ambitious targets.

In 2010, the Centre launched the Jawaharlal Nehru National Solar Mission (JNNSM) to focus on the promotion and development of solar power. The country had less than 20 MW of solar energy capacity at the time. After the Narendra Modi-led government

took over in 2014, it set a target of 175 GW of renewable energy by 2022 and revised the earlier goal of the mission of 20 GW of solar power to 100 GW, with no change in the timeline. Apart from solar power, the goal was to install 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro-power. The government launched a grid-connected rooftop solar programme in December 2015 with incentives and subsidies for the residential and institutional sectors. The second phase of the project was launched in February 2019 to achieve 40 GW capacity from rooftop projects by 2022. The remaining 60 GW was to come from utility-scale or large-scale power plants (solar parks). The Centre included the provision of a subsidy of up to 40% for solar installations in the residential segment.

Between 2011 and 2021, the sector grew at a compound annual growth rate of around 59% from 0.5GW to 55GW, as per a report of JMK Research and Analytics and the Institute for Energy Economics and Financial Analysis (IEEFA). Tariffs fell from Rs 9.28/kWh in 2011 to Rs 2.14/kWh in 2021, while annual capacity addition grew from 0.2 GW in 2011 to 11 GW in 2021 during the same period.

Consequently, the government increased the installed solar energy capacity target to 300 GW by 2030. The Ministry also introduced an e-marketplace for consumers, vendors and representatives of banks providing loans to simplify the procedure for installing rooftop solar plants for residential consumers. By the end of 2022, India had installed a total renewable energy capacity of 120.90 GW. Solar power capacity hit 62 GW and India emerged as a global leader in solar energy capacity, ranking 4th in the world.

The rooftop sector, however, recorded underwhelming growth, achieving just 7.5W of the 40 GW target. This time, the Centre changed the timeline, giving a four-year extension to the rooftop programme till March 2026, without any financial implication or change in the total target capacity.

Despite government nudges, solar power installed capacity had reached only 73.31 GW, with rooftop solar around 11.08 GW by December 2023. Commercial and industrial (C&I) consumers led rooftop solar growth with approximately 80% share in the rooftop solar market.

In its report, the IEEFA attributed the tepid growth of rooftop solar to limited consumer awareness, inconsistent policies, high capital cost and a dearth of suitable financing options. "Policy uncertainty and regulatory pushbacks have been a major factor limiting growth in rooftop solar… More importantly, restrictions and/or ambiguity on provisions such as banking of electricity and net metering have undermined rooftop solar opportunities in India," the report added.

The scheme relied upon discoms for installations, but with large subsidies available on supplied electricity as well as low consumption of power in the majority of Indian households, the segment failed to take off as planned. De-centralised electricity from RTS systems also took away consumers from discoms who have high monthly consumption.

"Cost savings are the main driver for consumers to adopt solar. However, with lowering of net metering and limiting of banking provisions, the opportunity for cost savings is

significantly reduced, especially for large and medium industrial consumers," the IEEFA report adds.

The continued underperformance of the rooftop solar segment has thus exposed the gap between potential and performance with wide implications for India's sustainability plans, especially against the backdrop of an ever-growing power demand.

Where does the rooftop solar programme fit in India's green ambitions?

As per the latest estimates, India has installed around 2.7 GW capacity in the rooftop residential sector in 6.7 lakh households. An assessment by the Delhi-based think tank Council on Energy, Environment and Water (CEEW) in November found that over 25 crore households in the country have the potential to deploy 637 GW of solar energy capacity on rooftops. Deploying one-third of this total solar potential could support the entire electricity demand of the residential sector in India. This could prove crucial as India is expected to have the largest energy demand growth in the world over the next 30 years.

However, the technical potential (the amount of solar power that can be feasibly installed) is much less. Most residential consumers across States fall into low-consumption slabs, especially in rural areas, making solar energy unaffordable without financial support.

Around 85% of the technical potential is concentrated in rooftop solar systems sized between 0-3 kW. Around 30% of the technical potential lies in the 0-1 kW category, but the category is not recognised in policy and subsidy schemes. According to the estimates provided by the Ministry, the cost of installing a 1-2 kW solar power system is approximately ₹45,000 per unit and units up to 3kW are eligible for a subsidy of about ₹14,000 per unit. The life expectancy of solar panels is around 25 years, and the payback period ranges from 3.5 to 4.5 years, provided there is proper maintenance.

Hence, consumers using as low as 1 kW require greater incentives to adopt rooftop solar. "The MNRE subsidy is effective for an RTS system size of 1-3 kW, and can increase the economic potential by nearly 5 GW by making systems economically feasible for more consumers with no change in system sizes above 3 kW," the CEEW study concluded.

The Council further suggested targeted capital subsidies, particularly for RTS systems of size 0-3 kW and introducing low-cost financing options with a fast approval process and a separate line of credit for residential consumers.

The micro, small and medium enterprises (MSME) sector, which accounts for roughly 30% of industrial energy consumption in the country, is another untapped sector. Estimates show that the 63 million MSMEs offer solar rooftop potential of 15-18 GW, which is more than 30% of the overall rooftop target of 40GW.

Promit Mookherjee, an Associate Fellow at the Centre for Economy and Growth, says a shift to rooftop solar could help the sector tide over frequent power cuts and reduce production costs by lowering expenditure on grid electricity, with the share of electricity cost in total operational cost higher for MSMEs compared to larger firms.

MSMEs in the manufacturing sector mostly operate during the day, which means that rooftop solar would cater to their power demand without any significant change in operational patterns or investment in battery storage systems, he adds. Financing, however, remains a challenge for the sector. Many of these firms are not part of the formal economy and tend to have poor creditworthiness, he points out, suggesting a cluster-based approach to overcome technical and financial hurdles.

What is the new rooftop policy?

As part of the Pradhan Mantri Suryoday Yojana, the Centre will bear the entire cost of setting up rooftop solar systems for households that consume less than 300 units of electricity per month. The subsidy in the segment will increase to 60% from 40% and the remaining will be financed by a private developer affiliated to public sector units of the Power Ministry.

R.K Singh, Minister for Power and New and Renewable Energy, said that 60% of the cost of installation will be subsidised by the Centre and for the rest, the PSU will avail of a bank loan and repay from the cost of electricity used by the household over and above the 300 units. Since the customer will still be required to fund 40%, the scheme will pay itself back in 7-10 years, after which the consumer can sell electricity back to the grid and earn, he added.

This means that the scheme puts the onus of providing electricity to households on central government companies instead of individual power distribution companies. The change is likely to have a positive impact on the rooftop solar sector as distribution companies, most of which have been struggling with financial problems, haven't shown much enthusiasm. So far, these distribution companies have been hesitant to switch high-consumption customers to rooftop solar schemes as it means a significant loss of revenue.
https://www.thehindu.com/news/national/residential-rooftop-solar-programme-scheme-india-modi-explains-energy-electricity/article67813080.ece

10. New fighter jet version by March, LCA Mk2 by 2027 *(economictimes.indiatimes.com)* Feb 13, 2024

New Delhi: The latest version of the indigenous Light Combat Aircraft (LCA) is likely to be ready for delivery by next month and work on an even more capable version is underway, with production likely to commence by 2027, senior defence officials have told ET.

The LCA Mk1A, which was cleared for procurement by the Centre in 2021, will add the much-needed numbers to the fighter jet strength of the Air Force and is much more capable than the earlier version, as it is equipped with new age radars, electronic warfare systems and mid-air refuelling features.

Officials said that the project is on track to meet the deadlines and the first of the 83 LCA Mk1A jets on order is likely to be ready by next month. By August this year, at least four of the jets are likely to be delivered. Production could taper down next year

as there have been some delays in deliveries of engines for the jets but efforts are being made to minimise the gap.

Besides the 83 aircraft on order, the government is also processing a case to acquire an additional 97 of the jets, which will require a significant scaling up of the production rate. As of now, the country has the capability to produce eight fighter jets a year, which is being scaled up to 16 a year. Plans are in place to scale this up further to 24 LCA Mk1A fighter jets annually.

Sources said that the broad plan is to complete all deliveries of the Mk1A at the shortest possible time to ensure that production capacity is available for the next version -- the LCA Mk2. This version will be powered by more capable engines -- the GE 414 -- which will also be produced in India under a technology transfer deal.

Officials said the first LCA Mk2 is expected to be ready for serial production by 2027 and work is already underway to get the prototype ready. They added that jigs and fixtures to produce the aircraft are already in place and work is progressing as per schedule for the first flight. The MK2 will be capable of staying in the air longer than previous versions and will also have significantly more weapons payload capacity.

For the next generation Advanced Multirole Combat Aircraft (AMCA), officials said that final clearances are being processed and the project would follow the Special Purpose Vehicle (SPV) model. This will see an SPV formed between DRDO, Hindustan Aeronautics Limited and a private sector company. https://economictimes.indiatimes.com/news/defence/new-fighter-jet-version-by-march-lca-mk2-by-2027/articleshow/107638745.cms?from=mdr

11. AP, Telangana, K'taka owe railways ₹9,000 cr *(economictimes.indiatimes.com)* Feb 12, 2024

Andhra Pradesh, Telangana and Karnataka collectively owe the Indian Railways more than ₹9,000 crore as their cost share for projects executed in these states. Kerala and Tamil Nadu do not have any such arrears, but land acquisition has been slow hurting projects in these states, said officials aware of the matter.

According to officials, railway projects face the most delays in states where political regimes change frequently.

Delays in fund disbursals, land acquisition and approvals hamper execution of projects, they said. "The most disturbance comes when a state government changes the project scope of an ongoing project after polls. State politicians pander to their local supporters without consideration for policy consistency and project timelines," a senior government official told ET. This, the official said, leads to time and cost overruns. The railways is executing 459 infrastructure projects (new lines, gauge conversion and doubling) spanning over 46,360 kilometres and worth around ₹7.18 lakh crore. While 11,872 kms of rail line had been commissioned till March 2023, work on most of the remaining are in the planning, approval or construction stage. "Giving a confirmed timeframe for completion of all projects is difficult due to the reliance on quick land acquisition and deposition of their share by state governments in cost sharing projects,"

the official said. There are also instances of a state government trying to change the scope of a pre-approved project even though there was no regime change, he said, adding: "These are tactics to delay the execution."Andhra Pradesh still has to disburse ₹6,958 crore for railway projects which are being developed on a cost-sharing basis with the Centre, the officials said. The arrears are ₹1,253 crore for Telangana and ₹928 crore for Karnataka, they said. https://economictimes.indiatimes.com/industry/transportation/railways/ap-telangana-ktaka-owe-railways-9000-cr/articleshow/107637967.cms?from=mdr

12. Misappropriation tantamount to exchequer loot: Registrar of Companies Kerala *(newindianexpress.com)* 13 Feb 2024

KOCHI: The office of the Registrar of Companies (ROC) Kerala on Monday informed the High Court that misappropriation of funds in Cochin Minerals and Rutile Ltd (CMRL) is tantamount to looting of public exchequer and it will have an impact on the general industrial development of the state.

Citing the complaint filed by Shone George, the ROC pointed out that as a promoter, Kerala State Industrial Development Corporation Ltd (KSIDC) is the second largest individual shareholder holding a 13.4 per cent stake in the CMRL and a nominee of KSIDC was always there in the board of the CMRL.

Despite an opportunity provided by the office of ROC, Kerala to provide a point-to-point clarification on many allegations raised in the complaint, KSIDC came with a reply bereft of details.

The ROC filed the counter-affidavit in response to a petition filed by the KSIDC challenging the probe by the Serious Fraud Investigation Office (SFIO) into the affairs of the CMRL, KSIDC and Exalogic Solutions Private Ltd owned by CM’s daughter Veena T.

The affidavit stated that the SFIO designated six officers as inspectors to investigate the affairs of the three companies. The KSIDC has only given an acknowledgement of the letter of ROC regarding the allegations and has not countered the allegations.

The KSIDC only stated that the relationship between the corporation and the CMRL is a limited one.

Since KSIDC was not forthcoming with a detailed reply to the complaint and further based on the report of ROC, Bengaluru, it necessitated a detailed probe into the books and affairs of KSIDC. Hence, an SFIO probe was ordered, including on KSIDC.

According to the affidavit, the contention of KSIDC that as a shareholder it should not be subjected to investigation for alleged transactions between CMRL and Exlogic is also untenable since nothing prevented KSIDC from submitting details. The KSIDC has also a nominee director in the Board of CMRL and it has issued clarification notice to CMRL concerning the alleged illegal financial deal, stated the affidavit.

HC directs KSIDC to produce copy of explanation letter

The Kerala High Court on Monday asked the Kerala State Industrial Development Corporation Ltd (KSIDC) to produce documents proving it had sought an explanation from the Cochin Minerals and Rutile Limited (CMRL) about the financial transactions with Exalogic Solutions. When the petition filed by the KSIDC challenging the action of the Serious Fraud Investigation Office (SFIO) came up for hearing, KSIDC's counsel and lawyer C S Vaidyanathan, submitted that the transactions between the CMRL and the IT company were kept in the dark. Therefore, the KSIDC sought an explanation from the company, however, the CMRL is yet to clarify. The court orally observed that it cannot take unethical actions like the one cited lightly when the country is on the path of becoming one of the greatest economies in the world. Advocate R V Sreejith, central government counsel, submitted that the culpability of KSIDC will be known only after the investigation.

CPM alleges political motive behind Exalogic row

THIRUVANANTHAPURAM: Alleging political motive behind the targeting of Exalogic Solutions, CPM state secretary M V Govindan on Monday said the party will face the case legally and politically. He said with the Lok Sabha elections approaching, attempts were being made to target the CM by raking up the issue. "There's clear political agenda behind recent attempts to target the CM. Advocate Shaun George filed a case against Exalogic in the Kerala High Court. The demand was an investigation by the SFIO (Serious Frauds Investigation Office). Close on the heels of political leader P C George and Shaun joining BJP, the Union government announced the SFIO probe. It's evident there's political motive behind this," alleged Govindan. He said more allegations will come up as the LS election is round the corner. https://www.newindianexpress.com/states/kerala/2024/Feb/13/misappropriation-tantamount-to-exchequer-loot-registrar-of-companies-kerala

13. Way short of target: Just 1.5 mths left in fiscal, only 26% revenue in MCG coffers *(timesofindia.indiatimes.com)* Feb 13, 2024

Gurgaon: With around one and a half months left for the end of current fiscal year, MCG has been able to generate only 26% revenue estimated for 2023-24. The civic body has earned Rs 735 crore so far, while the target was set at Rs 2,802.6 crore. Its expenditure, however, is higher than income — Rs 850 crore against the budgetary allocation of Rs 2,100 crore.

While the deficit now is Rs 115 crore, an MCG official said the financial year won't end with a deficit since the civic body is yet to receive grants under various schemes from the Centre.

Between April 1, 2023 to Jan 31 this year, MCG has generated a revenue of Rs 210 crore from income tax against the target of Rs 500 crore.

An income of Rs 36 crore has been generated from advertisements (target was Rs 85 crore). Moreover, the civic body earned Rs 35 crore from water charges and sewerage charges and another Rs 5 crore from building plan approvals.

MCG, however, has not generated any revenue from construction and demolition (C&D) waste management and purchasable floor area ratio (FAR). Moreover, the civic body generated revenue of only Rs 1 lakh from street vending.

"We are currently facing a deficit, but we won't end the current fiscal with it. We have certain fundings yet to be received from the state and central govts. We will get those funds in Mar," said an MCG official.

On the expenditure front, MCG spent nearly Rs 1.6 crore on public lighting against an allocation of Rs 50 crore, Rs 140 crore on health and sanitation, Rs 30 crore on roads and bridges, Rs 135 crore on water supply to GMDA, Rs 185 crore on repair and maintenance of the civic infrastructure and Rs 5.5 crore on environmental works, forest and ecology.

The civic body has spent Rs 21 crore on sports and health infrastructure (such as parks, grounds and on the Wazirabad stadium). It has spent another Rs 72 crore on buildings, including the MCG office and multilevel car parking facilities.

MCG has already started preparing the budget for the 2024-25 fiscal and has sought the income and expenditure details from all its departments. MCG commissioner Narhari Singh Banger in a pre-budget meeting held recently asked the accounts department to emphasise on generating more revenue for the civic body. https://timesofindia.indiatimes.com/city/gurgaon/way-short-of-target-just-1-5-mths-left-in-fiscal-only-26-revenue-in-mcg-coffers/articleshow/107643591.cms

14. Corruption in ₹1,000 cr Smart City Project will be probed: Min

(timesofindia.indiatimes.com) Feb 13, 2024

Raipur: Chhattisgarh Finance Minister O P Choudhary has assured the Legislative Assembly that a departmental inquiry will be conducted into the alleged irregularities in the allotment of works worth Rs 1,000 crore under the Smart City Project of Raipur.

This announcement came in response to a question raised by BJP MLA Rajesh Munat during the question hour session on the sixth day of the budget session.

During the session, MLA Rajesh Munat raised concerns about irregularities in the Smart City project, alleging corruption amounting to crores of rupees due to collusion among officials.

MLA Munat, in his remarks regarding the Smart City project, accused officials of awarding contracts worth billions to their associates. He highlighted instances where sub-contracting occurred after the award of the contracts, deviating from the original concept of the Central Smart City scheme.

Munat also criticized the awarding of contracts worth more than a thousand crores without due procedures. In contrast, Housing and Environment minister OP Choudhary said that there are two Smart City Limited entities in Raipur - Naya Raipur and Raipur Smart City Limited.

He said that all tenders were issued online and awarded at the minimum rate. While subcontracting did occur in some tenders of Raipur Smart City, it adhered to the prescribed 25% standard and was done with due permissions.

Choudhary said that New Raipur Smart City Limited falls under the Housing and Environment Department, while Raipur Smart City Limited falls under the Urban Administration Department. He informed the Assembly that ten works worth Rs 310 crore were progressing slowly in Naya Raipur, with two-thirds of the package being canceled. Information about the slow progress of works in Raipur will also be provided to the members.

MLA Munat highlighted that the Smart City project was initiated in 2018, with Rs 209 crore spent from the Smart City fund on improving traffic management in Raipur city and Rs 28 crore on multilevel parking.

However, MLA Munat expressed disappointment over the deviation from the original concept of the Smart City and the slow pace of project completion.

In response to Munat's concerns, OP Choudhary assured that a departmental inquiry would be conducted to address the issues raised. He also mentioned discussing with the Urban Administration Department regarding the removal of the chaupati developed during the previous government near government science college and NIT Raipur, a concern raised by Munat. https://timesofindia.indiatimes.com/city/raipur/corruption-in-1000-cr-smart-city-project-will-be-probed-min/articleshow/107644676.cms