NEWS ITEMS ON CAG/ AUDIT REPORTS

1. India rubbishes Lancet's claim of lack of accuracy, transparency in data *(economictimes.indiatimes.com)* April 14, 2024

After Lancet, a leading medical journal, claimed that the Indian government's data on healthcare is inaccurate and opaque, the latter's officials said that the country has a robust system which documents births and deaths under a legislation.

"It (data under Registration of Births and Deaths Act, 1969) provides a unified process of continuous, permanent, compulsory, independent and universal recording of births and deaths," TOI quoted government officials as saying.

Further, the officials said that over 90 per cent of births and deaths are registered online on the state or national portals.

Lancet in its editorial titled "India's elections: Why data and transparency matter" said that accurate and current data are crucial for health policy, planning, and management. However, the gathering and dissemination of this data in India have faced significant challenges and obstacles in recent years, it said.

The editorial cast doubts on the Narendra Modi government's claim that only 4.8 lakh individuals died due to the Covid-19 pandemic. It cited estimates from the World Health Organisation and other sources which pegged the number higher, including excess deaths mostly attributable to Covid-19 — a contention the government has consistently refuted.

The editorial also alleged a decline in government expenditure on healthcare.

The official, TOI reported, said that the government's allocation for healthcare has risen over the years. According to the latest National Health Accounts Estimates, it increased from Rs 1,39,949 crore in 2014-15 to Rs 4,34,163 crore (provisional data) in 2021-22. Additionally, she noted that the proportion of out-of-pocket expenses as part of the total healthcare expenditure decreased from 62.6% in 2014-15 to 39.4% in 2021-22.

The Lancet took aim at the government's lack of accurate and timely data, highlighting unexplained delays in the census and surveys on births and deaths.

The editorial spoke of investigations conducted by India's Comptroller and Auditor General and a parliamentary panel in 2023, both of which uncovered significant irregularities in the implementation of the Ayushman Bharat scheme.

This included thousands of ghost beneficiaries, fraud, false insurance claims, identity theft, and improper billing practices. https://economictimes.indiatimes.com/news/india/india-rubbishes-lancets-claim-of-lack-of-accuracy-transparency-in-data/articleshow/109286505.cms?from=mdr

2. There is a strong case for Centre and states cleaning up budget books: D Subbarao *(timesofindia.indiatimes.com)* Apr 14, 2024

STRAP: In his new memoir titled 'Just A Mercenary? Notes from My Life and Career', Duvvuri Subbarao candidly admits the mistakes he made as a civil servant and as RBI governor, including those on managing non-performing assets. Subbarao, a senior fellow at the Yale Jackson School, talks to Sunday Times about reworking the UPSC exam system, and why he questions the CAG's 'presumptive loss' estimates in the 2G case.

Excerpts:

Is it tougher being a civil servant today than 50 years ago?

I am not familiar with today's civil service challenges and can't presume to do a fair comparison. Today, poverty is lower and awareness levels as well as demand for accountability are higher compared to 50 years ago. The emphasis has accordingly shifted from poverty reduction to more responsive service delivery. Technology has transformed the logistics of administration. It also makes it possible to monitor field results more closely and make course corrections more swiftly. Apart from soft infrastructure, physical infrastructure too has improved which boosts productivity. Importantly, unlike in my time when civil servants were on average better educated than local politicians, today local politicians rival civil servants in terms of education, exposure and experience. The interaction, therefore, is on more even terms. That said, in spite of all these changes, some things are constant such as the commitment required of civil servants to the larger public good and the path of dharma.

Sanjeev Sanyal's comment that the years of prep students put in for the civil services exam is a "waste of youthful energy" sparked off a debate. What is your take?

I agree with the broad sense of what Sanyal said although not with where he laid the blame. The civil service exam today is on average a ten-year project and the chances of success are low in a mathematical sense. Yet, youngsters keep going for it year after year as they succumb to 'the sunk cost fallacy'. You can't blame them, as Sanyal has done, for what is a very common human frailty. Instead, the remedy lies in reforming the exam system. These days, candidates get six attempts compared with just two in my time. In this system, those who can master the examination skill through repeated attempts get privileged over those with inherent talent. There is a case for reducing the number of eligible attempts so that youngsters are prevented from pursuing what may eventually be a futile endeavour.

You have written about the discussion on effective revenue deficit, which was suggested by Mr Montek Singh Ahluwalia during UPA. One of the allegations against the UPA is accounting jugglery. Is it a valid criticism given what happened with accounting for oil bonds and FCI bonds?

For sure. In the book, I pointed out the conceptual flaw in effective revenue and effective fiscal deficits but I didn't call it accounting jugglery. That said, I believe all governments and parties across board have been guilty of tampering with budget integrity through off-budget borrowing, deferred payments and hidden expenditures.

This is self-defeating because people who make decisions based on these numbers are discerning enough to see through them. I think there is a strong case for the Centre and states to clean up the budget books in the larger public interest. In this context, I must commend the effort of the current finance minister Nirmala Sitharaman to improve transparency of budget numbers.

You have suggested that it's time to do away with some of the secrecy surrounding the budget and also remove 'officialese' in govt and RBI. How should it be done?
In a democracy, public opinion must feed into government decisions. A necessary condition for this is that the larger public understands the issues and the pros and cons of various alternatives. The responsibility of educating the public in this regard is on governments. In practice, what happens is the exact opposite. Government laws, rules, regulations and even the budget are written in such complex officialese that even educated people do not understand them. In effect, this amounts to governments failing their own people. I believe there is a strong case for governments and public institutions such as the RBI to translate their papers and documents into non-technical, plain language and make an extra effort to disseminate them. A 'plain language movement' is, in fact, gaining traction in many advanced economies and we should not be left behind.

You were finance secretary when the 2009 farm loan waiver was announced. Did it spoil repayment culture?
It was touted as a loan waiver to end all loan waivers. It turned out to be the exact opposite by setting off a series of loan waivers across states. All political parties are guilty of this, including the BJP which did a loan waiver in UP in 2017. There are many arguments against loan waivers, including the important one that it vitiates the credit culture in the economy. Decisions like this are driven by interest groups while the larger public does not even understand how it affects them. As I said above in the context of demystifying budgets, I believe there is a case for governments to put out a paper indicating the opportunity cost of such decisions so as to educate the public on the implications of these issues and generate an informed debate.

On 2G 'presumptive loss', you have questioned the logic. Did the CAG go into overdrive during that period?

I am disinclined to comment on overdrive because that is not part of my book. But as finance secretary, I was involved in the decision making on the pricing of spectrum and I wrote about that in the book. The prerogative of the CAG to do a special audit of spectrum pricing is unquestionable. However, its decision to go into the question of 'presumptive loss' to the government and the assumptions made in quantifying that loss are questionable on several grounds. Arguably, it's possible to come out with a study that would in fact show 'presumptive gains' to the government by making assumptions that would be no less robust than those underlying the CAG methodology. More important than the estimate of presumptive loss, questionable as it was, is the CAG's locus standi in questioning the right of the government to decide to sell spectrum at below market price. If a democratically elected government decides to sacrifice revenue to serve the larger public good of deepening telecom penetration, is it open to the CAG to substitute his own judgement for the government's and call it a 'presumptive loss'? If the CAG is allowed to enter into this issue, what could then stop him from going on to question every tax concession in the budget as a presumptive loss? Surely, that would diminish, not enhance, our democracy.

There are charges of "phone banking" to persuade bankers to give loans, which resulted in pressure on banks. This was the time when you were RBI governor. After the global financial crisis, there was also a special dispensation given to banks on loan classification. Did RBI pay enough attention to the build-up of NPAs at that time and was there pressure from govt to continue with the special regime for a longer period of time?

I must admit the NPA problem originated during my term at the RBI. If there was any 'phone banking', it was between the government and public sector banks, and I was not aware of it. But, I must say that although in public perception, the NPA problem is attributed to crony capitalism, there were many other reasons behind it. There were big investments going into infrastructure which was uncharted territory both for the corporates making the investments and the banks who were lending to them. There was irrational exuberance too as estimates of revenues and expenditure were being made as if the good times will roll on forever. There were Supreme Court orders on spectrum and coal block allocation and on mining which delayed projects and raised losses. Pressured on all sides, the government went into what was termed 'policy paralysis'.

You spoke about exchange rate management towards the end of your term as RBI governor. Do you feel you were judged too harshly?

Criticism and judgement are par for the course when you are in a public policy position, and I can't complain on that count. The major criticism against me was that I did not buy up dollars when there were huge capital inflows in 2010 and 2011 in the aftermath of quantitative easing in rich countries. I must admit that in relative terms, I was more 'hands off' than governors before me and after me. My policy bias was informed by several considerations. First, intervention is not costless. Second, by intervening in the forex market, the RBI is shifting the burden of adjustment from one segment of the economy to another. The fairness of doing that instead of allowing the market to operate freely is another consideration. Third, RBI's stated policy is to intervene in the market only if there is 'volatility' in the exchange rate. Note though that, what is volatility is not defined. Given that opacity, it's pretty much open for the RBI to act quite arbitrarily and defend that action as being consistent with the policy. I thought there was a need for the RBI to walk the talk. Most importantly, if RBI intervenes every time there is a sizeable movement in the exchange rate, markets will outsource their exchange rate risk management to the RBI. That will be a cosy moral hazard. There is a strong case for letting the markets learn to manage exchange rate fluctuations.

After the global financial crisis, you acknowledged that there was some delay in raising interest rates. What was the thinking then resulting in a delay, and, since there are comparisons, was the exit managed better post-Covid?

Experience from both developed countries as well as emerging economies since the global financial crisis (GFC) has shown that exit from an easy money policy is quite tricky in terms of both calibrating the trajectory as well as communication. In our own case, as I have admitted before, we were slower in reversing the crisis-driven easymoney policy. But you must remember that we were operating in real time within the universe of knowledge available to us. For example, we were acting on real time data which showed that growth was slow whereas corrections afterwards showed that growth recovery was faster than we were led to believe. Also, we had to reckon with uncertainty in the global financial system triggered first by the global financial crisis and later by the eurozone sovereign debt crisis.

The financial instability following Covid was different from the financial instability following the Lehman collapse in many ways. The GFC originated in the financial sector and central banks had to be in the frontline finding a solution. In the case of Covid though, the origin was a cause outside the financial system and a solution had to come from science. Meanwhile, central banks had to maintain financial stability. That said, I believe the RBI handled the situation doing Covid and after it with great dexterity.

There have been differences between RBI and govt, starting with YV Reddy and P Chidambaram, between you and Chidambaram and Pranab Mukherjee, and then between Arun Jaitley and Urjit Patel and Raghuram Rajan. Has Shaktikanta Das learnt from his predecessors, and we do not see the tensions spilling over into the public domain?

Differences between governments and central banks are in some sense hardwired into the system. The rationale for central banks, in fact, is that maintaining financial and monetary stability requires some politically difficult decisions which cannot be left to governments which are driven by short-term political compulsions and electoral cycles.

These differences are not unique to India. We have seen these differences play out in several countries. Recall that President Trump said things like 'the Fed has gone crazy; 'the Fed, and not China, is our number one enemy'. Senior President Bush blamed then Fed chairman Greenspan for losing his re-election. There were differences between the government and the RBI here in our country too as you have recounted. What is important is that there be mechanisms for resolving these differences without allowing them to blow up and vitiate the policy atmosphere.

You asked about the current dispensation. I find it difficult to believe that there were no differences between the government and the RBI, but at least they managed them internally and quietly. Also, you must note that the fuel for friction is limited in the current context when growth is streaming along, inflation is low, the rupee is steady and financial stability is not a concern. https://timesofindia.indiatimes.com/home/sunday-times/there-is-a-strong-case-for-centre-and-states-cleaning-up-budget-books-d-subbarao/articleshow/109275011.cms

3. DGA Jaisankar ousted due to delay in clearing audit objections against staff? *(newindianexpress.com)* 13 Apr 2024

Official sources also attributed Jaisankar's repatriation to the CAG by the state to his decisions to centralise the operations of the audit directorates.

CHENNAI: Tamil Nadu had relieved D Jaisankar, director general of audit (DGA) who oversaw the audit directorates of the state government, from his post due to the alleged delay caused by him in disposing of audit objections against officials in their service files. The delay triggered unrest among government staff, sources said. Jaisankar, originally attached to the Comptroller and Auditor General of India (CAG) office, was sent on deputation to Tamil Nadu in 2022.

Official sources also attributed Jaisankar's repatriation to the CAG by the state to his decisions to centralise the operations of the audit directorates. As many as 69 officers in block development officer (BDOs) and assistant director rank could not be allowed to retire from service over the past 60 days across Tamil Nadu due to the delay in disposing of audit objections in their service files, an official said. The government's decision is also seen as an attempt to pacify government employees as there has been a simmering discontentment over the creation of the DGA position by the state.

Jaisankar, an officer of the Indian Audit and Accounts Service, was entrusted with the responsibility of supervising the audit functions of milk cooperatives, local funds, HR & CE and few other audit directorates in the state government. The post was created through a government order and not under any legislation. PTR Palanivel Thiaga Rajan was the minister of finance when the position was created.

For several years, audit objections and observations raised against local bodies and officials by the local fund audit department were handled by regional joint directors. The offices of the joint directorates at the district levels accept explanations from BDOs, superintendents, assistant engineers, panchayat secretaries, and others in most cases, and dismiss objections a year or so before the retirement of the staff.

However, DGA Jaisankar centralised the system and made approval from his office mandatory for clearing audit objections. "A large number of files of pending audit objections against staff and officials got piled up at his office for months. This resulted in the delay of retirement of 69 government officials in two months. About 300 to 350 employees have been affected in receiving retirement benefits over last six months," an official said.

Until a few years ago, audit units of milk cooperatives, HR & CE, local fund audit, and others have been functioning under their respective head of the departments. However, in 2020, to enhance audit effectiveness and promote transparency in administration, these audit operations were brought under the finance department.

The state government allocated Rs 1.48 crore towards annual expenses of the DGA office. Apart from overseeing the audit units, Jaisankar was also engaged in training employees on best practices in auditing followed by the CAG.

An official from one of the audit directorates said, "There is no rationale in spending huge money in training audit staff who are in the age group of 57 and 58. A complete modernisation and computerisation of administrative system will gradually improve audit efficiency." https://www.newindianexpress.com/states/tamil-nadu/2024/Apr/13/dga-jaisankar-ousted-due-to-delay-in-clearing-audit-objections-against-staff

4. Tamil Nadu Repatriates Senior Audit Officials amidst Conflict with CAG *(bizzbuzz.news)* April 12, 2024

Tension rises as Tamil Nadu government removes DG audit D Jaisankar for opposing fast resolution of audit objections, sparking CAG intervention.

Tensions are escalating between the Tamil Nadu government and the Comptroller and Auditor General following the abrupt removal of the state's director-general of audit. The DG, D Jaisankar, alleges he was repatriated after objecting to the hasty settlement of audit objections. The state finance secretary called for a meeting on April 1, where Jaisankar was asked to withdraw his orders. When he refused, he was sent back to his parent organization, the CAG.

Sources indicate the problem arose from rapid resolving of 300-400 audit objections in one-hour joint sittings, concerning Jaisankar and CAG Audit offices. He issued a directive to modify the process, requiring annotated statements and clearance certificates before objections could be settled. However, due to staff shortages, the clearance process slowed down, leading to complaints to the finance secretary.

In response, the finance secretary defended Jaisankar's repatriation, citing violations of state rules and alleged misuse of authority by Jaisankar and his consultants. He emphasized the need for an impartial investigation into integrity-related issues, stating that the Tamil Nadu government's decision was warranted.

Jaisankar's changes aimed to improve oversight and alleviate pressure on audit offices in Tamil Nadu. However, the delays caused dissatisfaction among government and local body officials, leading to complaints and the eventual meeting on April 1.

This confrontation highlights broader issues surrounding audit processes and governance in Tamil Nadu. The outcome of Tamil Nadu-CAG conflict remains uncertain, pending further investigation and intervention by the CAG. However, it serves as a reminder of the challenges inherent in balancing efficiency with accountability in government auditing. https://www.bizzbuzz.news/national/tamil-nadu-repatriates-senior-audit-officials-amidst-conflict-with-cag-1306593

SELECTED NEWS ITEMS/ARTICLES FOR READING

5. The poverty of Indian economic discourse *(thehindubusinessline.com)* BY TCA SRINIVASA RAGHAVAN | Updated: April 14, 2024

We defend bad policy outcomes or score debating points with selective data. There is excessive focus on the very short term

Economics and the Indian economy have loomed large in my life for nearly six decades. In our very first class in 1967, the professor, a very erudite and learned man, opened his lecture with the following unforgettable words: “India will soon be a land of idiots.”

He was referring to the huge decline in food availability after the two massive droughts of 1965 and 1966 and the impact on nutrition. Today, despite the gigantic improvement in food availability, nutrition remains an bigger problem.

More than half the population has IQ levels of just around 90. These people can't be very useful contributors to the economy because they will consume more than they can produce.

If agriculture and labour are a problem, so is technology intensive manufacturing. Its share in GDP has fallen from around a quarter in 1980 to about 15 per cent now. What the British managed between 1757 and 1947 we have managed between 1947 and 2017 — slow deindustrialisation. I wonder what DR Gadgil, who wrote the book on the deindustrialisation of India, would have said.

Likewise, India's share in global trade was around three per cent in 1947. It's now just about one per cent. Not just that. We don't like to be a trading economy.

We can go on about these declines but the message must be clear: our governments have made a mess because not only have they tried to intervene too much, they have also done it badly via very bad policies.

I should add that towards the end the professor said India needed to focus on capital, not labour. The opposite has happened. As the saying goes, the path to hell is paved with good intentions.

Analytical babble

However, unlike the economic discourse before Independence and for 25 years after it when it focused on analytical issues, for the last 50 years it's all been about defensiveness by one side and uniformed criticism by the other. Politics is the reason.

So we don't analyse any more. We either defend bad policy outcomes or score debating points with the help of selective data. Data has become an analgesic.

The result is a confusing babble arising from an excessive focus on the very short term. Thus, long term issues like nutrition, on the one hand and capital scarcity on the other, don't figure in the debate except in passing.

The main reason for this is that public policy economists have started taking political sides. The old neutrality is almost gone.

This problem started when the first Indira Gandhi government of 1969-71 was entirely dependent on the Communist party. The chief economic adviser was a Marxist who went on to become the finance minister of West Bengal when the CPM came to power there.

It's become worse with every passing year since the early 1970s. Today, the statistical debating skills of economists matter more than their analytical skills.

And we have seen an enormously increased amount of this kind of thing in the last 10 years. The focus has shifted from the deeper structural issues to quarterly, half-yearly, annual data, base years, measurement techniques and, in general, splitting hair.

This, incidentally, actually places the government at an advantage. It can treat data with disdain or use discretion, whichever is convenient at the moment. We have seen this also since 2014.

Don't get me wrong. I am not saying data doesn't matter. It does. But it's not the only thing that matters. There is more to economic analysis than just data mining and number crunching. That any computer and its programme can do.

The extra mile

The irony about the politicisation of economic analysis is that it lacks an analytical framework. This contrasts sharply with political and legal analyses. Both draw their strength from the framework provided by the Constitution and certain principles of human rights and dignity.

But what does our economic analysis draw upon now? The pervasive infestation of left wing political ideas has meant that our economics is entirely focused on distribution. That means tax and spend. Nothing more.

Is that all there is to having an analytical framework? What about growth? Why is it not an analytical priority? This was not the case till 1967. We had a clear framework in the second and third Five Year Plans.

This political obsession with 'welfare' has placed the least productive sections of society at the centre-stage of our economic thinking and pushed out the most productive ones, who then have to participate from the wings as the private Indian corporate sector does.

This might be good politically, socially and morally but it relegates capital to the fringes of our economic analysis which should be about efficiency of capital use. Indeed, show me one economy that has done this and prospered.

There aren't any, not even China. Even Karl Marx called his magnum opus Das Kapital.
https://www.thehindubusinessline.com/opinion/the-poverty-of-indian-economic-discourse/article68065174.ece

6. MoRTH looks at record ₹60,000 crore monetization in FY25

(livemint.com) 14 Apr 2024

MoRTH plans to raise record ₹60,000 crore through monetization this fiscal, with a focus on toll-operate-transfer highways and NHAI InvIT. The target is part of the national monetization pipeline to achieve ₹1.6 trillion by FY25.

New Delhi: The union ministry of road transport and highways (MoRTH) is looking to raise a record ₹60,000 crore from monetization in the current fiscal, two people aware of the matter said.

While the marque toll-operate-transfer (TOT) highways will form a large portion of the exercise, a third of this money is likely to come from the NHAI InvIT, and private InvITs that may be directly offered road projects for the first time this year, one of the two persons quoted above said.

The higher monetization in FY25 is expected to maintain the momentum gained in last fiscal when for the first time a sum of ₹38,334 crore was mobilised from ToT, InvIT and project-based financing. This was a growth of over 64% over the FY23 figure of ₹23,336 crore.

Under the national monetization pipeline, road and highways have been given the highest target of monetizing core assets worth ₹1.6 trillion by FY25. MoRTH had already monetized assets worth ₹1.08 trillion since FY19 and is looking at adding another over ₹60,000 in FY25 to achieve its target.

"While MoRTH may achieve ₹1.6 trillion monetization target, its achievement should be viewed from FY22 onwards when the national monetization pipeline was created and targets were set for the next four years upto FY25 for all infra-focused ministries. Since FY22, the monetization of MoRTH is worth ₹84,000 crore. So, more would be needs this fiscal to achieve the target," said a former official of the National Highway Authority of India (NHAI) on condition of anonymity.

MoRTH officials said that the monetization target would be achieved, as the NHAI has a large bank of completed projects that could be offered to the private sector for operation and maintenance. In addition, after years of viability concerns of private highway projects, the NHAI proposes to revive the 'Build, Operate, Transfer (BOT)' model of highway development by issuing tenders for 53 projects of 5,200 km worth ₹2 trillion in the coming months. This will allow the NHAI to secure funds for highways directly from the private sector.

There is also a plan to draw larger participation of global investors in the country's infrastructure development programme by auctioning completed road and highway bundles directly to private sector InvITs.

This will be first time that completed and revenue-generating highways under the 'toll operate transfer (ToT)' mechanism will be directly and exclusively offered to private InvITs, who could then mobilize global investments by offering subscription of InvIT units. So far, the government has been offering road projects by nomination only to state-owned NHAI's InviT, the National Highways Infra Trust (NHIT), while monetization of assets in other cases is being done by offering ToT projects to private highway developers.

An NHIT official said that they do have any guidance from the NHAI yet on how many projects would be offered to the InvIT. But, MoRTH officials said the NHIT may mobilize more than the ₹15,700 crore it raised last month. This could be ₹20,000 crore or more in FY25, the official said.

The NHAI also looks at mobilizing funds by securitizing future toll revenue in certain projects under the monetizathe tion exercise.

Questions sent to the MoRTH remained unanswered till press time.

Since FY19, the NHAI has monetised ₹42,334 crore worth of projects under the ToT route, while monetization has garnered ₹25,900 crore through the NHAI InvIT since FY22. The NHAI has also raised ₹40,227 crore through project-based financing since FY21.

A factor in going in favour of the ministry's monetization drive is a revival in private sector interest in road and highway projects. Out of total capital investment of ₹3.01 trillion in the sector in FY24, ₹34,805 crore has come from the private sector, the highest ever. https://www.livemint.com/news/india/morth-looks-at-record-60-000-crore-monetization-in-fy25-11713092912469.html

7. Moody's Analytics sees India's growth at 6.1 per cent in 2024, down from 7.7 per cent last year *(telegraphindia.com)* April 13, 2024

Output in India remains 4 per cent lower than it would have been without the Covid pandemic and its various aftershocks — from supply snags to military conflicts abroad

Moody's Analytics has projected India's economy will expand 6.1 per cent in 2024, lower than the 7.7 per cent growth clocked in 2023.

Output in India remains 4 per cent lower than it would have been without the Covid pandemic and its various aftershocks — from supply snags to military conflicts abroad.

"Economies in South and Southeast Asia will see some of the strongest output gains this year, but their performance is flattered by a delayed post-pandemic rebound. We expect India's GDP to grow 6.1 per cent in 2024 after 7.7 per cent last year," Moody's Analytics said on Friday.

In its report titled 'APAC Outlook: Listening Through the Noise', Moody's Analytics said the region overall is doing better than other parts of the world. The APAC (Asia Pacific) economy will grow 3.8 per cent this year, which compares with a growth of 2.5 per cent for the world economy, it said.

Moody's Analytics said looking at GDP relative to its trajectory before the pandemic shows that India and Southeast Asia have seen some of the largest output losses worldwide and are only beginning to recover.

"Inflation in India is at the opposite extreme, with recent consumer price inflation rates hovering around 5 per cent, close to the upper end of the RBIs target range." https://www.telegraphindia.com/business/moodys-analytics-sees-indias-growth-at-6-1-per-cent-in-2024-down-from-7-7-per-cent-last-year/cid/2013043

8. Revolutionizing Audit: Digital Transformation in Accounting *(elblog.pl)* 15 April 2024

The world of audit and accounting has witnessed a remarkable evolution in recent years. Gone are the days when auditors were burdened by manual, cumbersome processes.

Firms like PwC have led the charge in integrating technology into their workflows, drastically altering the professional landscape for auditors.

Auditors like Audun Bakke Andersen, a seasoned partner at PwC, have seen the transformative effects of digitalization firsthand. Having spent over a decade at the firm, Andersen is at the forefront of leveraging cutting-edge technology to streamline operations, particularly in auditing tech and telecom companies.

Digitalization has not only accelerated the auditing process but has also enriched the quality and scope of financial analyses. Where traditional methods required sifting through physical documents by hand, modern software now enables auditors to dissect entire datasets, pinpointing anomalies with heightened accuracy.

This digital renaissance extends beyond the improvement of internal processes. As per Audun’s colleague, Line Jimenez-Killingmo, who brings 13 years of experience to the table, clients and external regulatory demands are rapidly evolving. Timely adaptation and innovation are thus critical to maintaining precision and compliance in an increasingly complex world.

Among the groundbreaking strides made, the conversion of labor-intensive tasks to swift, automated clicks stands out. What used to take months of manual data entry and paper correspondence now takes mere moments in the digital realm, significantly reducing the turnaround time for financial confirmations and report deliveries.

This move towards an efficient, technologically driven audit practice not only enhances productivity but also allows auditors to focus more on risk management and client engagement. As technology continues to advance, firms like PwC are not only keeping pace but crafting the future of the industry, employing AI-driven systems and enabling real-time collaboration across borders. Auditors armed with these tools are turning into crucial partners for companies navigating the critical infrastructures of society.

Through the power of technology, the age-old profession of auditing is experiencing a renaissance, carving out a new role for auditors as trust agents of modern society.

Current Market Trends:
The digital transformation in accounting and auditing is a response to several market trends. There is an increasing drive for transparency and real-time accessibility of financial information, both from within businesses and from external stakeholders. Cloud computing has become nearly ubiquitous, facilitating real-time data analytics and collaboration regardless of geographical location. Machine learning and artificial intelligence (AI) are being deployed to automate routine tasks and analyze data at a scale and speed beyond human capability.

Moreover, we are witnessing a growing trend towards blockchain in auditing for its potential to provide a tamper-proof record of transactions and improve the trustworthiness of financial statements. The integration of big data analytics allows auditors to work with a more comprehensive set of data, potentially identifying risks and insights that were previously not visible.

Forecasts:

The future of audit and accounting is likely to see an increase in predictive analytics, where auditors will not only present findings on past data but also forecast potential future risks and opportunities. The evolution of the Internet of Things (IoT) could mean more connected devices will provide a continuous stream of real-time data, further refining the accuracy and immediacy of audits.

Key Challenges and Controversies:
One of the primary challenges in this digital transition is cybersecurity. As auditors rely more on digital tools, the risk of data breaches increases. Ensuring the privacy and security of sensitive financial information is paramount.

Another challenge is the potential for job displacement due to automation. While digital transformation tends to create more high-skill jobs, it may reduce the number of traditional accounting roles, leading to a need for retraining and reskilling of the workforce.

Resistance to change and skepticism regarding the reliability and accuracy of AI systems in comparison to human judgment is another issue. Especially where complex judgment and professional skepticism are required, there is debate about the extent to which AI should be relied upon.

There is also the matter of regulatory compliance and keeping up with the continually evolving standards and legislation surrounding digital accounting and auditing practices.

Advantages:
The benefits of digital transformation in auditing are numerous. Technology increases the efficiency and accuracy of audit processes and allows auditors to analyze more extensive datasets for better risk assessment. It also promotes the simplification and standardization of audits, potentially reducing errors caused by human oversight.

Furthermore, auditors can offer more value-added services such as strategic advice and real-time insights, thereby enhancing their role from a traditional auditor to a more consultative position.

Disadvantages:
However, the reliance on technology poses inherent risks, such as the potential for system failures, data corruption, and vulnerability to cyber-attacks. The need for continuous learning and adoption of new technologies can be resource-intensive, requiring significant investment in training and tools.

In the context of such a dynamic field, it’s essential to stay informed with credible sources. For the latest industry news and insights, the following website would provide comprehensive information:PwC. Please verify that the URL is valid and directly leads to the main domain of the firm.

In summary, digital transformation in auditing is shaping a new paradigm where technology enhances human capabilities, leading to more insightful audits but also bringing new challenges and demands for a skilled workforce to navigate the digital landscape of financial assessment. https://elblog.pl/2024/04/15/revolutionizing-audit-digital-transformation-in-accounting/

9. Indian Railways to implement IoT-based technology to address one of its 'biggest' problems *(businesstoday.in)* Updated Apr 14, 2024

The Railways Board is considering the use of IoT-based technology to detect foul odors in train toilets, as per the report.

Indian Railways aims to address the issue of smelly and dirty toilets on trains by leveraging technology, as reported by The Economic Times. Despite various modernization efforts, passenger complaints about unclean toilets persist.

The Railways Board is considering the use of IoT-based technology to detect foul odors in train toilets, as per the report. Mumbai-based startup Viliso Technologies has been chosen for the project, which will initially be tested in selected coaches.

Smart systems equipped with sensors are being developed to detect foul smells in train toilets. These sensors can identify volatile compounds and molecules in the air, sending data to a central hub for analysis. Based on this analysis, automated responses can be triggered, such as alerting sanitation crews for cleaning when foul smells are detected. This real-time monitoring enables faster intervention and better odour control.

Viliso Technologies offers IoT-based products for improved sanitation, including Gandhvedh, an electronic device that monitors odor, Total Volatile Organic Compound (TVOC), temperature, and humidity. Installed in toilets, Gandhvedh sends odor data to mobile and web apps used by caretakers or monitoring authorities responsible for sanitation.

It's unclear if Gandhvedh is the specific product Indian Railways plans to use in trains and station toilets for odor detection and monitoring. https://www.businesstoday.in/india/story/indian-railways-to-implement-iot-based-technology-to-address-one-of-its-biggest-problems-425470-2024-04-14

10. Twenty-fifth anniversary of National Security Council; Achievements and challenges *(timesofindia.indiatimes.com)* April 14, 2024

The National Security Council (NSC) marks a significant milestone, celebrating its twenty-five years of existence in its present form. Established on the 16th April 1999 following nuclear tests by India and Pakistan, the NSC emerged from a recognised need for a comprehensive, whole-of-nation approach to address the increasing challenges in an uncertain global landscape. Its primary objective has been to provide authoritative and holistic assessments of India's security challenges across military, internal security, economic, technological, and external relations domains, encompassing all aspects of Comprehensive National Power, along with well-considered policy options. The NSC evolved into a full-fledged organisation in the last 25 years and now its authority and responsibilities are well defined.

Noteworthy works by Dr Arvind Gupta and Sri Satish Chandra, who both served as Deputy National Security Advisors (Dy NSAs) during crucial developmental phases, shed light on the NSC's evolution. A pivotal step in its establishment was the formation of a Task Force chaired by the late Sri K C Pant in April 1998, which studied various NSC models worldwide. The Task Force, with the late Air Commodore Jasjit Singh as Convener and the late Jaswant Singh as a member, recommended a structure suitable for India. This led to the creation of the NSC with its substructures.

Initially, the JIC was converted into the secretariat of the NSC without any additional staff. The then Principal Secretary to PM late Sri Brijesh Mishra was designated as the National Security Advisor (NSA) in addition to his position and the then Chairman of JIC Sri Satish Chandra was designated as the Secretary of the NSCS. The other two substructures were the National Security Advisory Board (NSAB) and the Strategic Policy Group (SPG). While the former comprised independent experts in various fields including retired officials, the latter consisted of the Governor RBI, Secretaries of several key ministries, three chiefs of the armed forces, and intelligence heads with Secretary NSCS as the Member Secretary and chaired by the Cabinet Secretary. The appointment of Sri Mishra as the NSA was critical to enable this organisation to get the full support of the Government during its formative stage. He served as the channel between the NSC and its three structures.

As the NSCS was preparing to gear up to take up new responsibilities of not only holistically analysing threats and opportunities but also providing well-considered options and overall strategies, it was involved with the tasks connected with the Kargil conflict and the Kargil Review Committee (KRC). The NSCS was pushed to a new task of crisis management. Officers worked till late at night to do justice. Of course, the credit goes to Sri Satish Chandra Secretary/Dy NSA, who kept them at a high level of motivation. Leadership matters even in civilian establishments. His contribution to including all the intelligence available with the JIC in the KRC Report helped in objectively examining the issue of the JIC's responsibility for the intelligence failure to detect intrusions in 1999.

The NSCS's involvement in the Kargil conflict and the KRC elevated the NSCS's stature within the security apparatus. For the NSCS officials, it was a great opportunity to learn from the KRC Chairman Sri K Subrahmanyam and other members, who debated various issues openly. The publication of the KRC report owes much to Sri Subrahmanyam and Sri Mishra. The NSCS later served as the secretariat of the Group of ministers (GOM)and the Task Forces created to assist the GOM as also to monitor the implementation of recommendations about 350. Later also, the NSCS serviced several task forces.

The GOM's important recommendations, which were implemented included the creation of the National Technical Research Organisation (NTRO), Defence Intelligence Agency, Intelligence Coordination Group chaired by the NSA for coordinating the work of intelligence agencies and evaluating their functioning, Multi-Agency Centre/ Subsidiary Multi-Agency Centres etc. Some important recommendations were not implemented like the creation of the position of the Chief of Defence Staff (CDS), security cadre for manning positions in the security organisations, reduction of colour service in the armed forces and a Maritime Commission as the apex body for coordinating multiple agencies on ocean-related matters. The turf conflict did not allow the implementation of these critical recommendations. While the CDS could be created only in 2020, a National maritime security coordinator was appointed in 2022 and the Agniveer system was recently adopted. The latter allows them to serve for a tenure of four years and after that, they can work in the civilian sector or can continue in the armed forces, if selected.

NSA's responsibilities increased over time. Late Sri Mishra was designated as the Special Representative of India for border talks with China and the Head of the Executive Council of Nuclear Command Authority to provide inputs for decision-making by the Political Council chaired by the PM. The National Information Board under the NSA was constituted to deal with disinformation matters.

The NSAB's contribution was invaluable. It produced the draft of India's Nuclear Policy, which was later accepted by the government and the Strategic defence review was the first ever exercise to review the entire defence system. This preceded the Task Force on Defence management. The SPG discussed important issues though the meetings were not very frequent as that depended upon the Cabinet Secretary.

The NSCS's responsibilities also increased to aid the NSA. It prepared studies on important issues that included nuclear environment, cross-border terrorism, cyber security, energy security, climate change, water security, national Security index and pandemics. The NSCS was also tasked to examine all the notes for the CCS. The strength of the NSCS was increased. Sri Mishra gave the flexibility to recruit analysts from government organisations and academic institutions. The NSCS was brought under the PMO in 2002- a much needed step to remove dual control. https://timesofindia.indiatimes.com/blogs/ChanakyaCode/twenty-fifth-anniversary-of-national-security-council-achievements-and-challenges/

11. Ration shops 2.0 *(thehindubusinessline.com)* Updated - April 12, 2024

Nutrition hubs: Providing millets through Fair Price Shops

The Centre's plan to turn fair price shops into 'nutrition hubs' promoting millets is praiseworthy. Fair price shop agents will privately procure millets and their derivatives, and distribute them through their outlets. This entails an expansion of the scope of their operations, for which they will be financed by Small Industries Development Bank of India and trained by the National Institute of Small Enterprise and Development presumably in entrepreneurship and other skills relevant to this activity. According to a report in this newspaper, all the country's 5.38 lakh fair price shops will be roped into this programme. But it is important to get the details of the latest fair price shop revamp scheme right so that India is able to create livelihoods on the production and distribution side. The basic challenge lies in creating millets demand.

Millets output and area under cultivation has been falling over the decades, including recent years. This is despite the fact that minimum support prices have been raised sharply by this government, alongside pulses. Millets has struggled to find takers because it still bears the age-old stigma of being a socially 'inferior' food. Now, the reality has changed completely. Rice and wheat are available for free at ration shops, as a result of which millets are being consumed largely out of choice. These consumers are of two types: those who engage in physical work and find millet-based meals filling; and the urban well-to-do who consume millets because they regard it as a 'super food'.

Millet consumption is well established in the top growing States of Rajasthan (bajra), Maharashtra (jowar) and Karnataka (ragi). Millets sell at a higher price (upwards of 30 per cent) than wheat or ordinary quality rice, which poses challenges to its adoption at a ration shop level. In order to massify demand beyond rural users who use their own produce and the premium urban market, the resistance to millets born out of its taste and texture needs to be countered. Food research institutes have their task cut out. Only with demand can output increase (India produces 15 million tonnes, 40 per cent of global output) and prices fall.

It may be a good idea to initially promote or start the scheme in the millet growing regions, with a tradition of millet consumption. Ration shop owners/agents are expected to source from farmer producer organisations locally to make the exercise cost-effective. FPOs should receive a policy boost, coinciding with the focus on revamping ration shops. The latter need to be revamped and run transparently to rid them of their air of seediness. The Centre and States need to work together without acrimony and suspicion. Finally, millets must become a staple all over again. They consume less water and other inputs, while being beneficial for a country where non-communicable diseases (diabetes, hypertension and cardiac issues) are on the rise. https://www.thehindubusinessline.com/opinion/editorial/ration-shops-20/article68058319.ece

12. In limbo since years, BMC floats fresh tenders for Topiwala redevelopment *(indianexpress.com)* April 12, 2024

Having already witnessed considerable delays since the launch, the project has now seen a cost escalation of Rs 35 crore, with the revised amount estimated to the tune of Rs 166 crore.

Six years since the launch of the redevelopment of the civic-run Topiwala market in Goregaon, the revamp project continues to remain in limbo with the Brihanmumbai Municipal Corporation now floating fresh tenders for the appointment of a new contractor, after the term period of the previous contractor lapsed. While the project was pegged at a cost of Rs 131 crore in the BMC budget for 2023 – 2024, the project has now seen a cost escalation to Rs 166 crore.

Named after Anant Shivaji Desai, who gained the moniker of 'Topiwala' owing to his business of manufacturing topis (caps), the old building–which housed a civic market alongside a theatre—was demolished in 2018, to make way for the BMC's ambitious project to redevelop it into a 16-storey establishment in Goregaon.

Much to the grouse of the 265 licensees which were housed in the old market, they were rehabilitated into another space in the market's vicinity, following the building's demolition. While the redevelopment work commenced in 2019, according to the senior BMC officials, the project hit a snag following the Covid outbreak.

"Following commencement in 2019, the work was stalled for two years owing to Covid. After that, the contract period lapsed and the previously appointed contractor demanded the removal of the 10 per cent cap which is the standard cap of the cost escalation in any project. However, since we refused to budge on this limit, the old tender was cancelled.

Having already witnessed considerable delays since the launch, the project has now seen a cost escalation of Rs 35 crore, with the revised amount estimated to the tune of Rs 166 crore.

The ambitious project is eyeing to develop the Goregaon market into a 16-storey establishment, which is slated to house not only the market but also a civic theatre for 800 people as well as quarters for municipal staff. The civic body has now floated fresh tenders inviting the contractors to execute work on the previously charted plans.

Prakash Rasal, Assistant Commissioner of BMC's Markets Department, told The Indian Express that the market will operate only in two floors of the sixteen storey structures. "After the demolition of the previous building, the work on the project was launched in 2019 and construction work of the basement is completed. Since the work has been stalled owing to delays, now we have floated new tenders and the pending work will be executed by the new contractor," added Rasal.

The delay in the project has drawn flak from the vendors of the erstwhile market, who have raised demands of a bigger space in the redeveloped market.

According to senior officials from the P/South ward (Goregaon), the project is slated to be completed over the course of next three years, following the appointment of the contractor. https://indianexpress.com/article/cities/mumbai/in-limbo-since-years-bmc-floats-fresh-tenders-for-topiwala-redevelopment-9266668/

13. Uncertainty over capital shift adds to project delays *(timesofindia.indiatimes.com)* April 14, 2024

Visakhapatnam: Several large-scale infrastructure projects envisioned for Visakhapatnam have stagnated over the past several years. Major proposals such as the metro rail project, a dedicated water pipeline from Yeleru, flyovers along the national highway passing through the city, a coastal highway connecting Vizag to Bhogapuram airport, data centre project, etc. have all experienced delays in recent years.

The high costs involved, political uncertainties surrounding the proposed executive capital shift, and challenges in funding have all played a role in hindering the progress of these capital-intensive projects.

The metro rail project was conceived as a transformative project for the city's transportation infrastructure about a decade ago. Likewise, the water pipeline was envisioned as a long-term solution to address the growing water scarcity in Visakhapatnam. However, these projects have struggled to move beyond the planning stages.

The metro project underwent a substantial expansion from its initial shorter route to include tram corridors. This change, coupled with the shift in government after the 2019 elections, resulted in the cancellation of previously issued tenders. The revised DPR, with a substantial cost estimate exceeding 22,000 crore, now requires significant impetus to progress further.

The state government, in its recent proposals sent to the Union government, projected that 40% of the project cost will be borne by the latter. However, it is not clear how the Centre will respond to the proposal. However, according to experts, the project cost will only increase with the growing delay.

The alignment issue for the Visakhapatnam-Bhogapuram beachfront highway was resolved more than two years ago. But the project still faces a significant hurdle in obtaining Union govt approval. The land acquisition process alone for this 6,000 crore project is projected to cost an astounding 4,000 crore.

The 126-km pipeline project from Yeleru, at an estimated cost of 3,500 crore, has been unable to commence due to the financial constraints faced by the Greater Visakhapatnam Municipal Corporation. Similarly, the proposed flyovers and a data centre park by a private conglomerate have also seen no advancement.

The only solace for Visakhapatnam or the region is the launch of the Bhogapuram greenfield international airport works about nine months ago. When this correspondent visited the airport site a few months ago, construction of the terminal buildings, runway, and approach roads was progressing at a rapid pace.

According to experts, surmounting financial obstacles, obtaining necessary approvals, and navigating political uncertainties will be essential to realising the city's full potential and bringing these ambitious projects to fruition. https://timesofindia.indiatimes.com/city/visakhapatnam/uncertainty-over-capital-shift-adds-to-project-delays/articleshow/109279863.cms

14. Audit raises concern over PMC's 24x7 water project *(hindustantimes.com)* Apr 14, 2024

The audit report was submitted by the local fund audit office of the state government in Navi Mumbai to PMC on April 4

The audit department of the state government has expressed concerns about Pune Municipal Corporation's (PMC) 24x7 water supply project in the draft report for the period between 2018 and 2021.

The audit report was submitted by the local fund audit office of the state government in Navi Mumbai to PMC on April 4.

The report questions the transparency of the project process, financial losses due to delay in implementation, violation of contract terms and conditions, unclear objectives, double costs for removal of debris, etc.

PMC has undertaken an ambitious plan to curb 40 per cent of leakages in the municipal water distribution system, aiming to achieve a balanced water supply. The plan, devised with a perspective of the next 30 years and comes with an estimated cost of ₹2,818.46 crore.

The scheme received approval in May 2015, and the actual groundwork began in 2018 following the appointment of a consultant and project planning.

The standing committee approved a loan bond of up to ₹2,264 crore on June 30, 2017, for the project. Additionally, flexibility was allowed for additional funds, up to 20% of the approved amount. PMC took a loan of ₹200 crore for the project.

During the audit period, an amount totaling ₹348.75 crore was withdrawn from the deposit account for the project. However, concerns arise as documentation regarding bond purchase rates and repayment terms are unavailable, raising doubts about the transparency of the process.

Of the approved ₹200 crores for debt securities, ₹148.75 crore seem to be unaccounted, as per the report.

Besides that, the financial plan for the water supply scheme was approved; the audit did not have access to a copy of the plan.

One of the senior officials of the PMC accounts and audit department, said, “It is a regular exercise of audit. It is the primary audit report which we received from the state government. Now, we sent a report to all concerned departments on which the state raised objections.”

“We instructed the department to file a compliance report on the objections. After receiving the compliance report, we will submit it to the state government audit department,” he said.

Irregularities in Paravati WTP tender process

After PMC sanctioned the tender Parvati water treatment plan (WTP) on March 23, 2011, the agreement for the tender terms and conditions should have been made first. Then, the work direction was supposed to follow. However, there was a delay of a month in issuing the first work order, as per the audit report.

Since the terms and conditions of the contract are obligatory for the contractor, the contract should have been signed before starting the work, which means the contract terms and conditions were violated.

Meanwhile, the solid waste department has appointed a contractor to pick up the development works/construction works generated debris in the city and transport it to the processing plant. In which the contractor of the solid waste department of the PMC pays the contractor for the service. The contractor of the 24 x 7 project of the water supply department carried out the laying of new water pipes. But, instead of giving the task of lifting the debris to the contractor of the solid waste department, the 24 x 7 project contractor lifted the debris and PMC paid an amount of ₹65.25 lakh to the contractor of the water supply department. Due to this, the state government has mentioned in its audit that the same work was billed twice.

The contractor was supposed to deposit a performance guarantee of ₹14.75 crore to PMC in the form of a five per cent bank guarantee, totaling ₹ 295.65 crore. However, only ₹1.67 crores were deposited, which is significantly less, as per the report.

The report also highlighted that the project completion period is five years with an additional ten years for maintenance and repair. The contract ended on February 22, 2018, but it was extended up to 24 November 2023 without penalty for five years and nine months. https://www.hindustantimes.com/cities/pune-news/audit-raises-concern-over-pmc-s-24x7-water-project-101713032104185.html

15. Irregularities in Multai's Bakud Dam Project: Lokayukta Takes 14 Years To Register FIR; 14 Booked *(freepressjournal.in)* April 12, 2024

In 2010, the then LoP Jamuna Devi had lodged a complaint alleging anomalies in construction and tendering process of the dam

Bhopal: It took 14 years for Lokayukta police to register an FIR on a complaint lodged in 2010 by the then leader of opposition over alleged financial irregularities in construction of Bakud dam in Multai.

Special police establishment (SPE) Lokayukta police Bhopal has registered a case against 14 persons including 13 officials of water resources department and a contractor for allegedly incurring Rs 1.74 crore loss to the state exchequer, said the officials here on Friday.

In 2010, the then leader of opposition Jamuna Devi had taken up the matter of the alleged financial irregularity in dam construction and its tendering process and had lodged a complaint. In 2015, the police had started its investigations.

It's coincidence that the late Jamuna Devi's nephew Umang Singhar is now Leader of Opposition in the state Assembly.

Police said that the state government in 2005 had floated a tender to construct Bakud Dam in Multia of Betul district. The contract of the dam project was given to Satish Nagpal as he had quoted around 21% less than the tender amount. The total cost of the work was around Rs 5.50 crore and the construction was to be completed within 15 months. The proposed dam was to irrigate 1,440 hectares of the area.

At the initiation of the project, Nagpal took an amount of Rs 25 lakh but he soon stalled the work citing protest by farmers claiming that they were allegedly not paid for their land acquired by the government.

Nagpal was unable to proceed with the work allegedly owing to farmers' protest and the construction work was stalled. The department officials accepted his claim of farmers' protest and in the 14th month they wrapped up the project.

Later, a fresh tender was floated for the project. And interestingly, Nagpal again managed to bag the tender, but this time the bid amount was raised by over 24% than the quoted tender price.

The department officials also paid Nagpal Rs 25 lakh for the ‘construction work he carried out’ earlier before quitting. All this ended incurring Rs 1.74 crore loss to the state exchequer.

Of the 13 accused officials, two have passed away

Now, 14 years on since the complaint was lodged, the Lokayukta has registered an FIR against contractor Satish Nagpal, 13 WRD officials- two of whom have already passed away and one of the officials is going to retire next month. The FIR has been registered against the then superintendent engineer DG Patidar, the then secretary and accountant ML Raghuwanshi, the then engineer in chief PK Tiwari, the then executive engineer RC Rathore, the then CE JS Thakur, the then EE RP Khare, the then EE RK Khare, the then accountant Baran Singh, the then SDO KR Dhare, deputy engineer WD Gwahde, the then DE LS Ghoshi and the then superintendent GP Daksh. https://www.freepressjournal.in/bhopal/irregularities-in-multais-bakud-dam-project-lokayukta-takes-14-years-to-register-fir-14-booked