

NEWS ITEMS ON CAG /AUDIT REPORTS

1. DRDO's utility and track record is under the lens (*theweek.in*)

By Sanjib Kr Baruah | November 19, 2023

The govt has restructured and modernised ordnance factories

What is the link between New Delhi and Arlington County in the US? There are two, in fact.

One, they are polar opposites in terms of longitudinal position. New Delhi is located at 77 degrees East, while Arlington county is at 77 degrees West. Two, in 1958, Delhi and Arlington county became home to two organisations with similar mandates—the Defence Research and Development Organisation (DRDO) in India, and the Advanced Research Projects Agency (ARPA) in the US. Later, ARPA became DARPA after ‘defence’ was prefixed to its name.

“ Many audit reports in the past decade have pointed out deficiencies in project management by DRDO labs. ”

DARPA and the DRDO functioned under differing conditions. By 1958, the Soviets had surprised the Americans by launching an intercontinental ballistic missile (ICBM), and the world’s first and second satellites (Sputnik 1 and 2). The US was compelled to accelerate military research and development. The new agency, said US president Dwight Eisenhower, would “prevent technological surprise” and “guarantee that never again would the US military be caught with its technological trousers down”.

And DARPA delivered. It developed many groundbreaking systems, including stealth technology for aircraft and military platforms, and precision weapons of game-changing proportions. It also gave the civilian world the internet, automated voice recognition and language translation, and the global positioning system.

The DRDO’s founding objectives were humbler. In 1958, India was a young nation that needed to be self-reliant in critical defence technologies and systems. The DRDO was seen as the answer.

Has it achieved the objective after 65 years? Not quite. While DARPA has become synonymous with excellence in developing new technologies, the DRDO has had, to put it mildly, a chequered journey. The government is now taking a hard look at its utility and track record.

The last time the government took a critical look at the performance of a major defence organisation was in 2017, when the Prime Minister’s Office asked India’s ordnance factories to furnish a report on their achievements from 2013 onwards. (Narendra Modi had become prime minister in 2014.) The directive led to a chain of developments that ultimately resulted in the overhaul of the factories.

The PMO’s attention is now on the DRDO—a behemoth comprising 52 laboratories and subsidiary units. “A recently formed committee is taking a very close look at the DRDO,” senior defence ministry official A. Bharat Bhushan Babu told THE WEEK. “It has a sweeping mandate—from organisational changes to enhancing the R&D work to handholding startups in the critical technology domain to collaborating with academia.”

THE MISHITS
Several DRDO projects have been plagued by cost overruns and delays

KAVERI AERO ENGINE
Meant to power the Tejas light combat aircraft, Kaveri has been in the development process since 1986. After spending decades and more than ₹2,800 crore, the DRDO is yet to deliver the engine

MBT ARJUN
Work on the main battle tank began in 1974. But it was only in 2004 that the first Arjun was inducted, even though it did not have the desired parameters. The project cost, initially pegged at ₹15.5 crore, spiralled to ₹306 crore in 2005

INSAS GUNS
In development since the 1980s. The INSAS assault rifle was first supplied to the Army in 1994, but its performance was below par. The rifles are now being replaced with imports

MEDIUM-ALTITUDE LONG-ENDURANCE DRONES
Although drones are becoming increasingly important in warfare, the DRDO is yet to bring out a high-class combat drone—the reason why India continues to import them

GRAPHICS SREEMANIKANDAN S.
RESEARCH SANJIB KR BARUAH

Heading the committee is K. VijayRaghavan, former principal scientific adviser to the government. The committee has representatives of the Army, the Navy and the Air Force, the defence ministry, the Indian Space Research Organisation, private industries,

think tanks and academia. Apparently, the committee's mandate includes submitting recommendations for sweeping organisational reforms in the DRDO.

The report regarding ordnance factories had led to the restructuring of the Ordnance Factory Board, the oldest and largest conglomerate in India's defence industry with 41 factories and more than a lakh employees. The OFB was ranked 60 in the list of the top 100 defence conglomerates, according to the Stockholm International Peace Research Institute (SIPRI). In October 2021, months after the report was submitted, the OFB was restructured into seven public-sector corporate entities. The objective was to improve efficiency and accountability, deepen specialisation in the product range, and enhance quality, cost-efficiency and competitiveness.

Defence minister Manohar Parikkar had, in May 2017, put the performance of many public-sector organisations in the military domain under the scanner. "Natural habits die very hard—habits that have been followed for 50 years," he said. "You find comfort in the cocoon. You don't want to dig out."

Parrikar said public-sector defence companies were not accountable for their performance. "Government only asks for one kind of accountability—there should be no wastage of money. Cost of opportunity is never calculated," he said.

Many audit reports in the past decade have pointed out deficiencies in project management by DRDO labs. In a report tabled in Parliament in December 2022, the Comptroller and Auditor General pointed out the DRDO's history of failures that included even "mission-mode" projects—high-priority projects that have "high outcome certainty, as they depend on technologies that are already available, proven and readily accessible".

According to the CAG, there were projects that the DRDO declared as success even though they did not achieve key objectives. "In 119 of 178 projects," said the CAG report, "the original time schedules could not be adhered to. In 49 cases, the additional time was in fact more than 100 per cent of the original timeframe. Overall, delays ranged from 16 to 500 per cent, and extensions for completion of projects were taken multiple times."

Reforming the DRDO would be a more complex task than restructuring ordnance factories. The DRDO's 52 labs and units employ about 30,000 people, including around 5,000 scientists. Headed by a chairman and the secretary of the department of defence research and development, the DRDO is divided into eight technology clusters, each headed by a director-general.

The DRDO's failures over the decades have contributed significantly to India becoming the world's biggest weapons importer. According to SIPRI's latest report, India continued to be the top weapons importer with 11 per cent share of global arms imports in 2018-22.

The DRDO has indeed tried to adapt to changing times. Several labs have been closed down and work reallocated. For example, from 2018 onwards, work allocated to the Delhi-based Laser Science and Technology Centre was gradually divided between the Centre for High Energy Systems and Sciences in Hyderabad and the Terminal Ballistics

Research Laboratory (TBRL) in Chandigarh. Later, TBRL was replaced by the Dehradun-based Instruments Research and Development Establishment.

Similarly, the DRDO has constituted a team of 50 scientists to focus on cutting-edge research in niche areas such as hypersonics, quantum technologies, big data analysis, algorithmic warfare, electromagnetic and directed energy weapons, robotics, lasers, and loiter munitions. “The 50 scientists are all under 35, and they have been handpicked to research and develop futuristic weapon systems, platforms and equipment for the armed forces,” said a source in the defence ministry. “An apex committee of seniors—experienced scientists and academicians—guides these young, brilliant minds who have been divided among five DRDO labs, each specialising in vital military implications in five key ‘cutting-edge’ areas.” The five labs—located in Bengaluru, Hyderabad, Mumbai, Chennai and Kolkata—specialise in artificial intelligence, smart materials, and quantum, cognitive and asymmetric technologies, respectively.

But just to keep pace with the dizzying pace of developments in military technology remains a challenge for the DRDO. It is now up to the nine-member committee to look into whether it needs to go the OFB way—a complete overhaul to suit the country’s changing defence needs. <https://www.theweek.in/theweek/current/2023/11/18/the-government-is-now-taking-a-close-look-at-the-drdo-s-utility-and-track-record.html>

2. What Bihar caste census tells about India growth story (*fortuneindia.com*) Nov 17, 2023

63.7% of Bihar households earning ₹333 per day show acute poverty and isn’t very different from what the "free" ration to 67% country's households, now extended for five more years, also does.

Bihar's caste census report, tabled in the assembly on November 10, 2023, makes a shocking revelation on the financial health of its households. The monthly income of 34.1% is ₹6,000 or less (₹200 per day or less) and that of 29.6% is ₹6,000 to ₹10,000 (₹200 to ₹333 per day or less). Taken together, 63.7% households earn ₹333 per day or less. Given that Bihar's statutory minimum wages for unskilled labour is ₹378 per day (₹11,340 per month) and for agricultural labour ₹376 per day (₹11,280 per month) – from October 1, 2023 – this means 63.7% of Bihar's population live in acute poverty.

But make no mistake, this reflects the very skewed nature of India's high growth story in the post-reforms and post-liberalised era – when high growth produced even higher inequality both inter- and intra-state. Bihar has always been a laggard but the gap from the national growth rate significantly widened in the 1990s, compared to the previous decade – that is, after the reforms and liberalised era kicked in and much before the state was divided (in November 2000) with the mineral and industry rich southern part becoming a new state, Jharkhand.

The growth trend reversed under Chief Minister Nitish Kumar (holding office since 2005); it became one of the fastest-growing states which continues even now. A CAG report of July 2023 says, during the five fiscals of FY18-FY22, Bihar's growth (at constant prices) was "higher than the all-India average." Yet, in terms of per capita income, the state remains where it always was – at the bottom.

In fact, the same is the case with all the four states collectively known as 'BIMARU' ('sick') – a term coined way back in 1985 by economist Ashish Bose "to pinpoint India's demographic malady" in the Hindi heartland states of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh. Not just these four, three states carved out from them in November 2000 – Jharkhand, Chhattisgarh and Uttarakhand – also remain among the most backward and poor.

In absence of state-wise data on household finances, it is not possible to provide a comparative picture. The Centre has not only not conducted (i) household consumption (proxy for household income) survey (MPCE) it has (ii) postponed the 2021 Census indefinitely (while conducting the NFHS-5, PLFS and other data during the same period) and has shown remarkable reluctance to conduct (iii) caste census, like Bihar, or even release the caste data of the Socio Economic and Caste Census (SECC) of 2011. The last one, which is at the heart of the Bihar caste census, is relevant only for counting OBCs (SCs and STs are counted in the decadal Census) is particularly baffling since the Centre granted 27% job reservation for OBCs in 1990; later the OBC quota was extended to educational institutions and local government bodies.

Nonetheless, the Bihar survey should serve as a wake-up call for policymakers and planners because it mimics India's growth story also and needs urgent course correction.

From a poor Third World country, India emerged as the fastest growing major economy in 2015, the fifth largest economy in 2022 (Q1 of FY23) and is set to be the third largest by 2029 – after the US and China. And yet, Indians are one of the poorest in the world and most unequal. With per capita income of \$2,388.6 in 2022 (in current USD), India is way below the world average of \$12,647.5; in terms of purchasing power parity (PPP, current international dollar) considered a better yardstick, India's per capita income of \$8,379 is also far below the world average of \$20,645.5.

Not just the per capita income data, enough evidence exists to show the Indian growth story gone awry – without sparking national debate, parliamentary debate or scrutiny or concerns in the government circles – which needs to be flagged for obvious reasons.

High growth gone awry

First, on November 6, 2023, the Prime Minister declared extending a "free" ration to 67% of Indian households (50% in urban and 75% in rural areas) for another five years. The "free" ration scheme began in April 2020 – more than three-and-half years ago – over and above the "subsidised" ration. It would be naïve to dismiss the Prime Minister's announcement as electoral "revdi" (freebie), given the ongoing elections in five states and the looming general election of 2024. The Prime Minister has been publicly denouncing such freebies year after year, beginning with 2019. Besides, he would be acutely aware how the extension negates his claims of making India the fastest growing major economy, the fifth largest economy and promise to make it the third largest if voted to power in 2024.

It is also highly unlikely that the Prime Minister would be unaware of the harsh ground realities – the after impacts of twin shocks (demonetisation and GST) and pandemic lockdowns on the livelihood of millions – notwithstanding the episodic contrarian assertions from many quarters.

Now, compare the Centre's "free" ration to 67% of Indian households to 63.7% of Bihar households living in acute poverty and the latter would no longer seem outlandish or exceptional.

Second, on November 9, 2023, the UNDP released the Regional Human Development Report further confirming the K-shaped Indian growth story. It said, despite India's economic successes over the years "poverty remains persistently concentrated in states that are home to 45% of the country's population but contain 62% of its poor". It also said, "in addition, many other people are very vulnerable, hovering just above the poverty line" and "the groups at greater risk of falling back into poverty include women, informal workers, and inter-state migrants."

No prizes for guessing which states it is talking about. In July 2023, the NITI Aayog released its first multidimensional poverty index (MPI) report (following the baseline report in 2021). It shows, all the four Hindi heartland 'BIMARU' states, along with Jharkhand, Chhattisgarh and Uttarakhand carved out of them in 2000, top the list of the most multidimensional poor. The MPI takes into consideration deprivations in health and education, in addition to household incomes.

Third, the PLFS report released in October 2023 is also in sync with the above findings. While showing improvements in the headline numbers, employment rate (WPR), labour participation (LFPR and FLFP) and unemployment rate (UR) – which are far lower than the OECD averages – the report revealed several distressing trends, the key ones being:

Continued flight of workers from high productive, high-paying manufacturing to low-productive, low-pay agriculture and self-employment, particularly swelling the number of unpaid workers most of which happen to be women.

Consistent growth in informal enterprises ("all proprietary and partnerships are household enterprises") in non-farm sector – which mean lower wages, lower security cover and lower job security. Their numbers grew from 68.2% in 2017-18 to 74.3% in 2022-23.

Negative growth in 'real' wages in the best category jobs, regular wages/salaried, since 2017-18 (by -2.9%) and self-employed (by -1.8%) and moderate increase in bad jobs, casual (by +0.6%). The ILO's 2022-2023 wage report confirms this – showing negative growth in India's 'real' wages in 2020 and 2021 (up to which data for India is available). Ironically, Indian workers are among the most hardworking. The ILO's database shows, Indian workers, at 47.7 hours a week, next only to Bhutan, at 50.7 hours, among 66 countries in 2021 (up to which India data is given). In comparison, those in the US worked for 36.43 hours (2022), in the UK 35.95 hours (2019) and in China 46.1 hours (2016).

Consistent fall in social security cover for the best quality jobs, "regular wages/salaries" with those "not eligible" for any social security cover whatsoever has risen from 49.6% to 53.9% during 2017-18 and 2022-23.

Highest unemployment rates among the most productive segment – youth (15-29 years) at 10% and educated (secondary and above) at 7.3% in 2022-23. Against this, total

unemployment rate was 3.2%. This means lower productivity in the economy which translates to lower wage earnings. An analysis of August 2023 said (using the CMIE data), Indian workforce is rapidly ageing – young people were being driven out of the job market (due to job scarcity) and the proportion of over 60 years is rising.

The last point is strengthened by CMIE's September 2023 report which says, youth in the age group of 15-24 comprised 27% of working age population in 2022-23 but only 18.1% were in labour force – either working or looking for jobs.

Fourth, in September 2023, RBI released data on household financial assets and liabilities. It showed, net financial assets dropped sharply to 5.1% in FY23 – to a 47-year low. The last time it went below 5.1% was in 1975-76 when it was 4.7%. The National Accounts Statistics data, released in January 2023, showed, net household savings (financial and physical) fell to 19.7% of the GDP in FY22 (up to which data is available) – from 23.6% in FY12. And net physical assets fell to 12% of the GDP in FY22 – from 16.3% in FY12.

Fifth, a series of data relating to income tax returns released since July 2023 shows (i) 54% fall in ITRs declaring taxable income in seven years – from 48.9 million in FY17 to 18.9 million in FY22 (ii) number of ITRs filed by those in the lowest income bracket, Rs 0-5 lakh, fell from 52.55 million in FY18 to 49.78 million in FY23 – while that of higher income groups increased – and (iii) number of those in the lowest income group (Rs 0-5 lakh), constituting about 80% of all ITR filers, fell from 80.6% of the total in FY18 to 72.6% in FY23.

Tragically, none of the above evidence is un-foreseen or un-foretold.

India tried to address the skewed growth, intrinsic to the very reforms and liberalisation paradigm adopted beginning with mid-1980s, was during the previous. The then government tried course corrections to ensure "inclusive" growth – through rights-based laws like the MGNREGS, National Food Security Act, Forest Rights, Land Acquisition, Rehabilitation and Resettlement Act, rural and urban health missions and also good governance initiatives like the RTI Act, Pre-Legislative Consultation Policy (PLCP) etc. There were extensive national and parliamentary debates and consultations on every policy, law and reform.

The actual gains from those initiatives may have been limited or debatable but the answer doesn't lie in not acknowledging the problems.

It isn't in raising the quota – as Bihar has done by taking the total to 65%, not counting the 10% EWS – because the job pie isn't rising either in government sector or private. Nor in dismissing the Bihar problem simply as a symptom typical of a 'BIMARU' state – lacking in investment, infrastructure, skilled labour, ease of doing business etc. – because addressing these has also not led to the desired result either. <https://www.fortuneindia.com/opinion/what-bihar-caste-census-tells-about-india-growth-story/114777>

STATES NEWS ITEMS

3. AG Office Srinagar celebrates Audit Week (*greaterkashmir.com, thekashmirimages.com*) November 19, 2023

SRINAGAR: The Accountant General Office, Srinagar on Sunday held a vibrant marathon cum cleanliness drive to celebrate the commencement of Audit Week.

Marathon from Dalgate to SKICC/Centaur Hotel was flagged off by PAG Pramod Kumar and DAG Inabat Khaliq early in the morning in the presence of distinguished personalities including renowned environmentalist Manzoor Wangnoo and Baby Jannat, prominent footballer Ishfaq Ahmed, and DFO Ghazala Abdullah.

Later, participants actively engaged in the Dal Lake cleaning initiative, thereby, conveying a powerful message of environmental consciousness and cleanliness.

The Audit Week celebrations shall witness a diverse array of activities in the coming week, including a blood donation drive, Rangoli competition, a university student interaction program at SKUAST- K, sports events, a quiz, a painting competition besides a cultural event on the culminating day on Nov 25.

This multifaceted approach aims to promote both professional excellence and social responsibility, fostering a sense of community and holistic well-being during Audit Week. <https://www.greaterkashmir.com/city/ag-office-srinagar-celebrates-audit-week/>

4. AG Office Srinagar Commences Audit Week Celebrations with Marathon and Cleanliness Drive (*kashmirobsERVER.net*)

Srinagar: The AG Office Srinagar initiated the Audit Week celebrations today with a marathon and a cleanliness drive. The marathon, starting from Dalgate to SKICC, was flagged off by Principal AG Pramod Kumar and Deputy Accountant General Inabat Khaliq in presence of many dignitaries.

Post-marathon, participants actively engaged in a Dal Lake cleaning initiative, demonstrating a strong commitment to environmental awareness and sanitation.

The event witnessed a participation of environmentalist Manzoor Wangnoo, Baby Jannat, footballer Ishfaq Ahmed, and DFO Ghazala Abdullah among others.

These activities coincide with the commemoration of CAG India's foundation day, promising a week of diverse engagements. The upcoming week will host events like a blood donation drive, Rangoli competition, university student interaction program at SKAUST-K, sports events, quiz, painting competition, which culminates with a cultural evening on November 25.

The objective is not only to promote professional excellence but also to emphasize social responsibility, fostering a sense of community and holistic well-being during Audit Week. The AG Office, Srinagar, leads these initiatives, serving as the driving force behind this harmonious blend of activities.

<https://kashmirobsvber.net/2023/11/19/ag-office-srinagar-commences-audit-week-celebrations-with-marathon-and-cleanliness-drive/>

5. Audit Diwas week celebration takes off in Jammu on high note (*dailyexcelsior.com*) November 20, 2023

JAMMU: As part of week-long Audit Diwas celebrations, Principal Accountant General, Jammu and Kashmir, Jammu organised Audit-Run-Marathon and a mega cleanliness drive here today.

Amid enthusiastic participation of 300-350 people including senior functionaries of Audit, Accounts, Regional Training Institute, their children and Family members were present on this occasion.

Surya Bhanu Pratap Singh, International Wushu athlete flagged off the 4.5 Km and 2 KM Audit Marathon in presence of Ravinder Singh, Senior Deputy Accountant General, Jagbir Singh, Deputy Accountant General, Sukhdarshan Singh, Deputy Accountant General, Surinder Kumar and Assistant Accountant General, Sanjay Sharma.

While cleanliness drive started from Canal Walk way Opposite PAG office and culminated at the exit point of the walkway Near Pawan Ice Cream. Prize Distribution for winners of the Audit Marathon followed by distribution of light refreshments among all those who participated in the twin events. In the 4.2 Kilometres male Category, Ramdayal secured 1st Position, Arjun Singh was first runner up and Samanyu Cyrish finished as second runner up.

The Youngest participant Shreyan Kumar (8) was awarded a consolation prize in the 4.2 Km male. In the 4.2 km female category Antekhshika emerged winner, while Veena Sharma stood 2nd and Navneeta Kumari ended as 3rd. In the 2 Km male category Adil Singh stood 1st, Vipin Kumar, 2nd and Arvind Verma 3rd. In the 2 Km female category, Shivani Sharma stood 1st, Sanjana Kachroo Stood 2nd and Kiran Jyoti Wattal stood 3rd. <https://www.dailyexcelsior.com/audit-diwas-week-celebration-takes-off-in-jammu-on-high-note/>

6. AG Office Srinagar commences Audit Week celebrations with marathon and cleanliness drive (*risingkashmir.com*) November 20, 2023

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The objective is not only to promote professional excellence but also to emphasize social responsibility, fostering a sense of community and holistic well-being during Audit Week. The AG Office, Srinagar, leads these initiatives, serving as the driving force behind this harmonious blend of activities. <https://risingkashmir.com/ag-office-srinagar-commences-audit-week-celebrations-with-marathon-and-cleanliness-drive-a1c40185-1425-41aa-887a-e4b5de161b75>

7. Audit Marathon & Cleanliness drive organised as part of Audit Diwas in Jammu (*takeonedigitalnetwork.com*) Nov 19, 2023

Audit Marathon & Cleanliness drive organised as part of Audit Diwas in Jammu

Video Link: <https://www.takeonedigitalnetwork.com/audit-marathon-cleanliness-drive-organised-as-part-of-audit-diwas-in-jammu/>

8. AG's office celebrates Audit Week with cycle rally (*thehindu.com*) November 20, 2023

A 24-km cycle rally marked the beginning of the celebrations of Audit Week at the Office of the Accountant General (AG) in Chennai on Sunday. The rally, flagged off by Health Minister Ma. Subramanian, started from the Principal Accountant General's Office complex in Teynampet and ended at the same location. Senior Accountant R. Ranganathan said the rally was a part of Audit Diwas being observed across the country.

On Tuesday, a rangoli contest for employees and a quiz contest for students of Class 10, 11 and 12, in Chennai Corporation Schools will be held. J. Radhakrishnan, GCC Commissioner, will distribute the prizes. The closing ceremony will be held on Wednesday and Lieutenant Governor Puducherry Tamilisai Soundararajan will participate. <https://www.thehindu.com/news/national/tamil-nadu/ags-office-celebrates-audit-week-with-cycle-rally/article67550983.ece>

9. Is Tamil Nadu serious about education needs of the differently abled? A recent CAG report suggests not (*thesouthfirst.com*) Nov 18, 2023

There is no centralised data base on the socio-economic condition of differently-abled students; even their exact numbers is unknown

Despite protestations to the contrary, the Tamil Nadu government does not seem at all serious about providing differently-abled students of the state access to quality education. This is the only conclusion that can be drawn from a damning recent report released by the Comptroller and Auditor General of India (CAG) which has left experts and other stakeholders appalled.

In its “compliance audit” report for the year to March 2022, the CAG has stated that the inadequate number of special schools in several districts has impacted access to education for differently-abled children in Tamil Nadu.

The report also pointed out that, worryingly, there was no centralised data with the government on the number of disabled children residing in the state.

As per Section 31 of the Rights of Persons with Disabilities (RPWD) Act of 2016, every child with a benchmark disability in the age group of six to 18 years shall have the right to free education in the neighbourhood school or special schools of their choice — and the government should ensure every child has such access.

The National Policy for Persons with Disabilities, 2006, also mandates regular collection, compilation, and analysis of data relating to the socio-economic conditions of persons with disabilities, and maintenance of a centralised database of beneficiaries.

Also, the RPWD Act envisages a survey of school-going children to be conducted and updated every two years to identify children with disabilities.

However, no survey was conducted in the state, the report said.

In Tamil Nadu, 22 government special schools and 50 government-aided special schools were functioning for four categories of disability, viz, visually impaired, hearing impaired, intellectually disabled, and locomotor disabled.

However, special schools were not available for visually impaired children in 20 districts, hearing impaired children in 10 districts and locomotor disabled children in 26 districts.

The report recommended that the Tamil Nadu government increase access to education for differently-abled children by increasing the number of special schools, streamlining the system for staff recruitment for these institutions, and speedily filling vacant posts.

As per the audit report, the government stated that it was only due to the reluctance of parents to admit their children to special schools that they were admitted to regular schools up to Class 8.

The audit, however, observed that the government did not create an enabling environment to facilitate schooling for differently-abled children, and, therefore, it was incorrect to blame it on parents’ reluctance.

During 2019-22, the Tamil Nadu government spent ₹347.73 crore on special schools, homes, and early-intervention centres in the state.

Unfilled vacancies for years

The manpower statements of the special schools show that, as of March 2022, 38 percent of the sanctioned posts of graduate and post-graduate teachers were vacant.

In the government higher secondary schools for the visually impaired in Tiruchy, 23 of 31 sanctioned posts of teachers/instructors were vacant. A similar school in Madurai has no teachers except the headmaster.

The vacancies in the Government Rehabilitation Leprosy Homes in the state ranged from 25 to 100 percent.

In the three sampled government rehabilitation homes, several posts, including those of the administrative officer, nursing assistant, wardens, cooks, cook matty, and sweepers/scavengers, were not filled up for periods ranging from 2007 to 2022.

In the absence of cooks, the inmates were asked to cook food themselves and clean the vessels.

The state government, in January 2023, during the audit, claimed that the commissioner of the Differently Abled Welfare Department was taking action in coordination with the Teachers Recruitment Board and the Employment Exchange to fill up the vacancies by recruiting contract teachers as a temporary arrangement.

No centralised database of disabled persons

The Differently Abled Welfare Department is also issuing 'National Disability Identity Certificate' cards (NDIC, since 1989) after assessment of the extent of disability by specified doctors. Till March 2022, 14,34,837 NDIC cards were issued in a decentralised manner by the district offices.

However, these details have not been consolidated into a centralised database. The audit report stated that records were maintained in manual registers in the sampled districts.

Scrutiny of records also revealed that the manual data held in the district offices has not been consolidated, and the department needs to make efforts to maintain a centralised database of persons with disabilities for effective targeting and delivery of scheme benefits.

Lack of state policy, non-conduct of regular State Advisory Board (SAB) meetings and non-aggregation of manual data did not help in effective planning and resulted in deficiencies in implementing welfare schemes.

Discrepancy in disbursing scholarships

CAG's audit report on 'Post Matric Scholarship to Students Belonging to Scheduled Castes for Studies in India', presented in Parliament in 2018, brought out the issue of implementing the scholarship scheme in various states of the country, including Tamil Nadu.

The report included a comment on the non-implementation of the component of the scheme towards payment of additional allowance to differently-abled students in Tamil Nadu.

The Tamil Nadu government replied that this component of the scholarship scheme was not implemented as a separate scheme by the Differently Abled Welfare Department was in operation.

Its status was examined as a follow-up to the all-India audit of the Post Matric Scholarship scheme. The audit found that neither the component of the centrally-sponsored scheme was implemented, nor was the state scheme for scholarship and readers' allowance implemented effectively.

During 2019-22, the government incurred an expense of ₹22.29 crore on scholarships and readers' allowances. Deficiencies were noticed in the distribution of scholarships and readers' allowance.

For 2021-22, in addition to the normal allocation, the Directorate of Differently Abled Welfare Offices (DDAWO) of 20 districts requested funds of ₹1.12 crore towards scholarships. However, due to paucity, the funds were released and paid to the students to date (as of September 2022).

No assessment made for scholarships

The audit observed that though additional funds were required by districts for the year 2019-20, no proposal was sent by the commissioner to the government. "No attempt was made even at the Final Modified Appropriation stage to transfer funds from Heads with savings as the savings were not assessed on time," the audit report stated.

"The surplus funds available during the year 2020-21 could have been utilised to clear the pending scholarships for the year 2019-20. However, no proposal for such an adjustment was forwarded by the Department," it said.

Lack of proper assessment and requirement of funds had resulted in non-disbursement of scholarships to eligible students.

The audit observed that the government, in January 2023, endorsed the reply of the commissioner that in 2019-20, additional fund requisition was not made to the government as the requests by the DDAWOs were received only at the end of the financial year.

The government accepted the inadequacies in the centralised database and stated that action was being taken through the Tamil Nadu eGovernance agency to address the issue.

Delay in forming state policy

Though the State Advisory Board, or SAB, was constituted in 2017, only three meetings were held till March 2022. Even six years after the enactment of the RPWD Act, 2016, the Tamil Nadu government had not framed the state policy to address the issues of the differently abled.

However, the state government, during the audit, had reportedly stated that though it had a policy from December 1994, a revised policy was to be framed based on the RPWD Act, 2016, and it was only in August 2022 that efforts were made to call for public opinion for policy-framing.

"The Act, which has its genesis in the United Nations Convention on Rights of Persons with Disability, has a right-based approach in the welfare measures for differently abled

persons, which needs to be reflected in the policies. The lack of an updated policy was one of the reasons for the deficient implementation of schemes,” the audit observed.

What special educators say

Andavar P Jayadev, founder of Sparks Vidyalaya Special School in Madurai, said that whatever the CAG report has detailed is unfortunately true.

“Usually, the CAG takes a sample of the subjects to audit and would arrive at a conclusion of the discrepancies. Think, if the CAG takes the whole department and its schemes to audit, the quantum of disparities would be even more,” he told South First.

Jaydev said “There is a tendency among the political parties... they think that the differently abled do not contribute to the growth of the country. Serving the disabled will help them to garner votes among the other sections of people. The government and political parties use them as a sympathy factor.”

He also said that every district has at least a minimum of 2-4 percent of differently-abled people, and those with less than 30 percent disability continue their higher studies and that too if they are economically strong.

“Do special children have voting rights? Can a person with more than 50 percent disability reach the poll booth and vote? Even if they protested for their rights, they would be crushed mercilessly by the government machinery. Except few activists and journalists, does society bother with the misappropriation of funds/schemes allotted for them? This gives courage for the governments and its officials to be least bothered about them,” he said.

D Swapna, a Chennai-based special teacher working in a school for the visually impaired, told South First that where the differently abled are concerned, the government is not even ready to put 10 percent of the effort that it puts into the common curriculum of regular students.

“It has been years since I registered myself in the employment exchange as a special educator. Though there are vacancies, for reasons known to the government, they have not been filled,” she said.

She continued, “The process of getting the disabled scholarship is very tedious. Just think, even a normal man who wants to avail a government scheme has to walk multiple times to the concerned government office and bribe them to avail the benefits.

“The fact also is that the government doesn’t have data on the disabled with them. They are still stuck with the last taken census.”

“The officers at the top reach their position by clearing the civil service exams. If you had asked them, while they were preparing for exams, why they wanted to become an IAS or join other services, they would say that they wanted to serve society.

“Society is inclusive of all people, including the disabled. Why don’t they understand it after becoming civil servants,” Swapna wondered.

<https://thesouthfirst.com/tamilnadu/is-tamil-nadu-serious-about-education-needs-of-the-differently-abled-a-recent-cag-report-suggests-not/>

10. T.N. converting 14 of its societies into Section 8 companies for better efficiency, administration (*thehindu.com*) November 20, 2023

The Tamil Nadu government is in the process of converting at least 14 government-controlled societies into companies registered under Section 8 of the Companies Act, 2013, in a bid to improve their functions and make them available for scrutiny by various auditing mechanisms.

Three decades-old Guidance (formerly known as the Tamil Nadu Industrial Guidance and Export Promotion Bureau), the nodal agency with the specific mandate of investment promotion and facilitation in the State, is among the societies undergoing the conversion. Tamil Nadu Text Book and Educational Services Corporation; Tamil Nadu Energy Development Agency; Sports Development Authority of Tamil Nadu; Tamil Nadu e-Governance Agency; Zoo Authority of Tamil Nadu; Tamil Nadu Horticulture Development Agency; Tamil Nadu State Seed Development Agency; Tamil Nadu Watershed Development Agency; Tamil Nadu Livestock Development Agency; FaMe-TN or Facilitating MSMEs of Tamil Nadu (formerly MSME Trade and Investment Promotion Bureau); ICT Academy of Tamil Nadu; Tamil Nadu State Mission of Education for all Samagra Shiksha (formerly Sarva Shiksha Abiyan); and State Health Society are the other societies.

A senior official told The Hindu that the conversion of these 14 societies into Section 8 companies were in various stages of completion. “It will aid in their [the societies’] efficient functioning, ensure periodical meetings, make them accountable and help in submission of audit committee meetings.”

The government-controlled societies have been functioning largely with the taxpayers’ money, but “operate outside the treasury system” and “remain outside the legislative scrutiny” of their functioning through Comptroller and Auditor General (CAG) audit and legislative committees such as Committee on Public Undertakings, unlike government companies, a government order (G.O.) issued in this regard pointed out.

With the conversion, these companies will be available for CAG audit (supplementary audit), statutory audit, internal audit, tax audit, Secretarial audit and other necessary check mechanisms under the Companies Act. They will also get timelines for finalisation of annual accounts and filing of financial statements to the Registrar of Companies, and follow guidelines of Finance (Bureau of Public Enterprises), among others. These 14 societies are the initial choices and more of them are likely to be converted into Section 8 companies, the official added.

The initial G.O. was issued in September last year and the process of conversion of these 14 societies (originally registered under the Tamil Nadu Societies Registration Act, 1975) are in various stages of conversion. Once the conversion is complete, these companies will be brought under the Finance (BPE) Department. <https://www.thehindu.com/news/national/tamil-nadu/tn-converting-14-of-its-societies-into-section-8-companies-for-better-efficiency-administration/article67550867.ece>

11. Urban local bodies in Assam fail on all major parameters (*sentinelassam.com*) 19 Nov 2023

The urban local bodies (ULBs) in Assam have failed on all three of their main parameters or specific functions: water supply, public health, and solid waste management.

GUWAHATI: The urban local bodies (ULBs) in Assam have failed on all three of their main parameters or specific functions: water supply, public health, and solid waste management.

The Constitution of India has stipulated 18 specific functions for the ULBs, comprising municipal corporations, municipality boards, and town committees. The prime functions among them are water supply for domestic, industrial, and commercial purposes; public health sanitation and conservancy; and solid waste management. However, the performance of the ULBs is glaringly below par in Assam.

According to observations from the CAG, the coverage of piped CAG water connections in the state is below the benchmark, the water loss is above the benchmark, the meter connection is low, and poor efficiency marks the collection of water tax.

On public health and sanitation, with the dwindling finances of ULBs and the extent of intervention required by the government, the ULBs are not well equipped to handle their functions.

On solid waste management, the CAG said that ULBs are CAG solely responsible for this. "But the solid waste management system in the state is inadequate and poorly managed. In the mechanisms for doorstep collection, segregation, processing, recycling, scientific disposal of solid waste, etc., the ULBs are largely below par. Open dumping is the most common option for the disposal of solid waste. Dumping sites are situated at the banks of rivers or water bodies, resulting in pollution of surface water, narrowing rivers, etc.," the CAG said.

According to sources, ULBs fail to perform because of three major factors: a financial crisis, a lack of autonomy, and a lack of a dedicated work force. The ULBs should be self-sufficient by collecting taxes themselves. However, most of the urban local bodies in the state have failed on this front. They even have to depend on the government to pay salaries to their employees.

The CAG has recommended, "The state government needs to CAG take decisive action in order to translate the vision of achieving decentralization into a reality. Tax needs to be taken to ensure that ULBs enjoy an adequate degree of autonomy in respect of the functions assigned to them."

According to sources, if the government does not provide full power to the ULBs, they will continue to face problems in performing their functions, leading to harassment of the general public due to the deprivation of various amenities and facilities. <https://www.sentinelassam.com/topheadlines/urban-local-bodies-in-assam-fail-on-all-major-parameters-676402>

12. ULBs mean failure? (*sentinelassam.com*) 19 Nov 2023

Going by the contents of the lead news story carried on the front page of this newspaper's Sunday edition, one can now easily surmise that the urban local bodies (ULBs) of Assam have either become totally inefficient or have become a synonym of the word 'failure'.

Going by the contents of the lead news story carried on the front page of this newspaper's Sunday edition, one can now easily surmise that the urban local bodies (ULBs) of Assam have either become totally inefficient or have become a synonym of the word 'failure'. Quoting observations made by the Comptroller and Auditor General (CAG), the said news story has stated that the urban local bodies (ULBs) of Assam have failed on all three of their main parameters or specific functions, these being water supply, public health, and solid waste management. It has also been pointed out that the Constitution of India has stipulated 18 specific areas of function for the urban local bodies, which comprise municipal corporations, municipality boards, and town committees. It is pertinent to note that the prime functions among them are water supply for domestic, industrial, and commercial purposes; public health sanitation and conservancy; and solid waste management. But, according to observations from the CAG, as the news story has pointed out, the overall performance of the ULBs of Assam is not just low but below par in comparison to the all-India scenario. It is very sad to note that while the coverage of piped water connections—a responsibility primarily vested in the ULBs—in the state is much below the benchmark, the percentage of water loss too is above the benchmark. Likewise, the density of the meter connection is low, and the collection of water tax is affected by the worst kind of efficiency one can think of. On the public health and sanitation front, the situation is such that the less said, the better. It has been pointed out that, with the dwindling finances of ULBs and the extent of intervention required by the government, the ULBs in Assam are simply not well equipped to handle their functions. About the sorry state of solid waste management in the cities and towns of Assam, the CAG has observed that ULBs are solely responsible for this. One, however, does not need the CAG to ascertain that the solid waste management system across Assam is not just grossly inadequate but is also poorly managed. Any taxpayer in Guwahati, Dibrugarh, Jorhat, or Bongaigaon will say that the mechanisms for doorstep collection, segregation, processing, recycling, scientific disposal of solid waste, etc. are simply pathetic. Most municipal bodies dump the collected waste within or outside the towns, and the dumping and burning of solid waste, including plastic and polythene, is a common sight at the entry points of most towns. In many towns, dumping sites are situated at the banks of rivers or water bodies, resulting in pollution of surface water, narrowing rivers, etc. It will, however, be an injustice to the ULBs if the entire blame is dumped on them as they dump garbage. The government too must share the blame, and so must a section of tax-paying citizens. A sizable section of taxpayers have yet to behave in a civilised manner as far as the disposal of solid waste is concerned. <https://www.sentinelassam.com/editorial/ulbs-mean-failure-676559>

13. Mumbai: 2nd cost escalation of Marwa bridge cleared without due process (*mid-day.com*) 20 Nov 2023

The Brihanmumbai Municipal Corporation (BMC) has decided to approve an increase in the cost for work of the Marwa bridge at Sakinaka, despite the Comptroller and Auditor General of India (CAG) pulling up the civic body for awarding work without

a tender. The Rs 3.37 crore cost rise proposal for the competition of work was recently approved by the BMC. The civic body also approved an extension timeline for the work, from December 2023 to May 2024. The cost of construction of the Marwa road bridge is now Rs 29.44 crore.

Explaining the reason for the cost escalation, the civic roads department stated in the proposal that during excavation it was found that the condition of the underground Tansa pipeline near the Marwa bridge is inconsistent. Therefore, the length of the bridge was increased by 3.10 metres. Also, along the approach road on the western side of the bridge, there is a large network of water department water lines and high-pressure electric lines of Tata and Adani at the said planned site. Therefore, open excavation is not possible at the site and a pile foundation has been proposed for the foundation of the retaining wall.

According to the proposal, BMC had started considering an extension of the bridge in October 2018 and during the repair on June 11, 2021, part of the bridge wall collapsed and the bridge witnessed cracks. After the incident, the BMC decided to reconstruct the bridge. It was also decided that the work would be carried out with the same contractor without tender. The initial cost of extension of the bridge was around Rs 14.22 crore. When BMC decided to use the same contractor to reconstruct the bridge the amount to be paid was revised to Rs 26.07 crore.

Awarding of contracts without the tendering process by the BMC was taken up by CAG in 2022. mid-day reported on the issue in its December 24, 2022, edition. According to the BMC proposal, the contract was awarded without a tender as the bridge is a very crucial connector. It connects Saki Vihar Road and Marol Morashi Road. It is a very important link to reach SevenHills Hospital. Now as the bridge is closed to traffic, motorists need to travel around 4-5 km more to reach SevenHills from Saki Vihar Road.

Civic activist Anil Galgali said this project is another example of BMC's zero planning. "Without planning and study, the project is executed. Then the cost and time increase. This is happening with all the projects in the last few years," he said. Galgali, a resident of Kurla who uses this road regularly, added that due to delays in this work, people, mainly motorists, are suffering. "They need to use travel a 3-4 km long distance which before was a few meters between Saki Vihar Road to Krushnarao Marwa Road," he said. "This is the shortest route from Andheri East to Powai. However, now one has to travel via Andheri Ghatkopar Junction Road through traffic congestion," activist Godfrey Pimenta, who is a resident of Kalina, said, adding that the BMC always gives such reasons for project cost escalation.

Rs 29.44 cr

Revised cost of reconstructing the bridge

<https://www.mid-day.com/mumbai/mumbai-news/article/mumbai-2nd-cost-escalation-of-marwa-bridge-cleared-without-due-process-23320770>

14. Election 'guarantees' galore, but can state's revenue deliver? (*timesofindia.indiatimes.com*) Nov 18, 2023

Hyderabad: BRS, Congress and BJP have released their respective election manifestos with the pink party and grand old party focusing more on freebies.

As the state's current fiscal budget is around 2.9 lakh crore, but considering some of the major promises made by these parties, it could go up to 3.5 lakh crore, making things difficult for the next regime.

A glance at the budget figure reveals that the state government had expected over 2 lakh crore budget to be realized, but actual income fell way short.

For the current (2023-24) fiscal, the government has proposed a budget of 2,90,396 crore with total revenue pegged at 2,59,861 crore. Till August, the state could garner only 99,106 crore.

In the previous fiscal year (2022-23), the government had presented a budget of 2,56,958 crore, with revenue estimate of 2,45,256 crore.

However, the government disclosed to the Comptroller and Auditor General (CAG) of India that only 1,92,097 crore was collected and only 1,26,617 crore was collected through taxes. Another 13,994 crore was deducted as central tax, implying that the net income was only 1,40,611 crore. Also, 19,553 crore was raised through sale of land and other means. The grants, on an average, received in the five years between 2018-19 and 2022-23 was to the tune of 11, 000 crore. If these are added, the state's net revenue would be 1.51 lakh crore. Over 60,000 crore has been paid for employee wages, pensions and retired employee subsidies.

The rest must be allocated for welfare schemes, other advances and employee loans. Revenue and payments might increase by 15-20% this fiscal year as well. As BRS and Congress have promised to enhance sops, the budget might have to be increased. With the additional burden, a budget of 3.5 lakh crore would be required. However, the state's revenue has not exceeded 2 lakh crore so far.

BJP's main doles are free laptops to girls pursuing higher education and free temple trips. With no clarity on the schemes, the two sops, according to guesstimates, might cost about 500-1,000 crore. However, the party has also included giving four cylinders per annum free for ration card holders.

Though BJP leaders promised free education and free health, the party, however, did not include it in the manifesto after the top bosses red-flagged them.

A back-of-the envelope calculation of BRS's main promises like 5 lakh insurance, enhancement of pension amount to 5,016, gas cylinder for 400, enhancement of Rythu Bandhu to 16,000, allowance for women and other promises might cost the exchequer an additional 52,000 crore. Congress manifesto, which has included more freebies, is expected to cost the exchequer 68,000 crore. Congress's main promise of loan waiver of up to 2 lakh for farmers would cost 38,398 crore, while the promise of 200 units power-free another 2,500 crore.

<https://timesofindia.indiatimes.com/city/hyderabad/election-guarantees-galore/articleshow/105341563.cms>

15. Odisha govt withholds decision to allow sale of tribal land in Schedule V areas (*hindustantimes.com*) Nov 18, 2023

Three days after Naveen Patnaik Cabinet gave the nod to amend Regulation-2 of Odisha Scheduled Areas Transfer of Immovable Property Amendment Regulation allowing tribals in Scheduled areas to sell and mortgage their land to non-tribals, the state government decided to withhold its decision.

Taking to social media site X, state revenue minister Sudam Marndi on Friday said the government has put a hold on the amendment recently passed in the Cabinet meeting. “The proposed Amendment to Regulation-2 of 1956 discussed in the Cabinet meeting held on 14th November 2023, regarding the transfer of Tribal lands, has been withheld,” Marndi wrote.

On November 14, the State cabinet had approved amendments to some provisions of Regulation-2 of Odisha Scheduled Areas Transfer of Immovable Property Amendment Regulation to facilitate the transfer and mortgage of land belonging to scheduled tribes (ST).

The amendments, as recommended by the Scheduled Tribe Advisory Council, allowed a tribal in Schedule-5 areas to sell or mortgage his land to a non-tribal with the written permission of the Sub Collector. If the sub-collector does not grant permission, then the person can appeal to the collector within six months and the decision will be final.

However, soon after the Cabinet decision, opposition BJP and Congress started criticising it saying the move would lead to tribals losing their land, their last source of sustenance. “While the Special Development Council (SDC) for tribals was formed by the government in 2017, it has not done anything significant for them. The move would only end up tribals losing their lands to unscrupulous people in tribal areas. The tribals have already lost their land through different processes, including informal mortgaging and sale of land through illegal means. After they sell off their land, what would they do,” asked BJP MLA Nityanand Gond.

Terming the decision as an attempt to loot the land of tribals, senior Congress leader and MLA Tara Prasad Bahinipati alleged that it is a conspiracy to hand over their land to industrialists. “The BJD government is acting at the behest of corporates in tribal areas and this step is a conspiracy against them. The CAG report last year said tribal landholding in the state declined by over 12 % between 2005 and 2015,” he said.

BJD leaders said the government withheld the cabinet decision as they did not want the party to be in a difficult position in a crucial district like Mayurbhanj, where it did not fare well in 2019 assembly poll. The revenue and disaster management department which would implement the decision is headed by a tribal minister, who hails from Mayurbhanj. “It was a hastily taken decision and should have not been placed in the Cabinet while elections are less than 4 months away,” a senior BJD leader said. The BJD leader said they were also unsure whether President Droupadi Murmu would give her assent to the amendment ahead of the election.

In 1977, the Centre had declared the districts of Mayurbhanj, Sundargarh, Koraput, Malkangiri, Nabarangapur and Rayagada as Scheduled V districts. Apart from these

districts, Kuchinda tahasil of Sambalpur district, Keonjhar, Telkoi, Champua, Barbil tahasils of Keonjhar district, Kandhamal, Baliguda and G.Udayagiri tahasil of Kandhamal district, R.Udaygiri tahasil, Gumma and Rayagada block of Gajapati district, Surada tahasil of Ganjam district, Thuamul Rampur and Lanjigarh blocks of Kalahandi district and Nilagiri block of

Balasore district have been listed Schedule V Areas of the state. Tribals constitute nearly 23 per cent of the total 4.2 crore population of the state, as per 2011 census.

Transfer of land to non-tribals was forbidden through Odisha Land Reforms Act, 1960 for non-scheduled areas and Orissa Scheduled Areas Transfer of Immovable Property (by Scheduled Tribes) Regulation, 1956 for the scheduled areas, except with the permission of competent authorities. In 2002, the Orissa Government amended the OSATIP, 1956 allowing tribals to mortgage their land to any public financial institution for agricultural purposes only. <https://www.hindustantimes.com/cities/others/odisha-govt-withholds-decision-to-allow-sale-of-tribal-land-in-schedule-v-areas-101700303397316.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

16. Illusory gains from freebies (*thehindubusinessline.com*) Updated - November 19, 2023

Power subsidies are used by States for electoral gains. These must be curbed to prevent further damage

As we face a new wave of competitive populism in the State elections, it is useful to understand the initial wave, its ill effects, recent measures that seem to be finally mitigating these, and draw lessons for aborting the current wave.

Intense multi-party competition coincided with the large international oil price shocks of the 1970s and led to competitive populism to attract voters. Prices for many public services were kept constant. Low or no user charges resulted in cross subsidies, distortions, deterioration in quality of public services. Or indirect charges, not obvious to voters, such as higher prices of intermediate goods, made India a high-cost economy. The rich turned to private providers creating further revenue losses. Interfering in prices is one of the worst forms of freebies as it distorts resource allocation and ends up hurting the very people it says it is helping. We see this with electricity subsidies.

The Congress party was the first to use electricity subsidy as a political tool during the 1977 elections in Andhra Pradesh. It offered flat-rate tariffs based on the capacity of the pump rather than on metered consumption to farmers. The idea spread like wildfire through the 1980s. Power subsidies in Punjab are responsible for wasting water, growing inappropriate crops that necessitate burning of residue and smother Delhi in smog in November every year. Cross subsidisation by higher tariffs on industrial and commercial consumers hurt development and future revenues. Lack of investment made power supply unreliable. Free electricity for some meant no electricity for many.

Reversing ill effects

A series of reforms were attempted. Unbundling in the 1990s and the Electricity Act (EA) of 2003 succeeded in improving production and transmission. By 2014 India had a national grid. But distribution remained the weak link that hurt the whole sector.

The EA sought to create an open market for electricity, allowing procurement at cheapest prices and sale anywhere at mutually agreed prices. Competition should have brought down prices. But States sabotaged this in order to preserve their cross subsidies and the monopoly of State Electricity Boards. They used their ability to route power through State Load Dispatch Centres as an instrument to deny open access to large consumers even while continuing to impose a cross-subsidy surcharge (CSS) on them. The EA had allowed CSS, but with the understanding that it would be eliminated. The National Tariff Policy (2016) had articulated the necessity of shifting to direct subsidies to support poorer consumers. But States continued with distorting tariffs. They also misused what was supposed to be an emergency provision (Section 11) in the Electricity Act, to prevent State power producers from supplying outside State borders. Other 'open access charges', imposed on flimsy grounds, helped preserve the market for inefficient State distribution companies (discoms).

High transmission and distribution losses, unpaid bills, continuing political interference, no investment to upgrade outdated distribution systems and poor maintenance of equipment meant discom losses mounted reaching trillions of rupees. A number of Central restructuring cum bailout schemes failed to improve matters. In 2015, Uday sought to reduce moral hazard by aligning discom with State finances. Special State bonds were issued to cover 75 per cent of discom debt along with supportive measures to improve operational efficiency. But States remained reluctant to increase tariffs. They were able to arm twist banks to finance them and gencos to suffer large pending dues.

In mid-2022 the Ministry of Power passed Late Payment Surcharge (LPS) Rules, helping discoms with loans to clear their legacy monthly instalments failing which a LPS and disincentives such as progressive withdrawal of open access would be applied. There would be no LPS on past outstanding dues under timely payment of instalments. For example, in August 27 defaulting discoms were barred from buying electricity to meet their short-term requirements from power exchanges. Thereafter, 11 States paid. The plan was to reduce long-term access of defaulters by 10 per cent every month.

Power Finance Corporation, the nodal agency for implementation, used an automated process with online portals to monitor regular payment of bills and identify defaults. A remarkable recovery of outstanding dues followed. By March 23 they had dropped 39 per cent. Finally, decades of damage were being reversed. States that reform their power sector will get more of the green finance flowing in.

Ways to impose discipline

So it seems while State governments can bully parties dependent on them for business, discipline and incentives imposed by independent Central/Constitutional institutions does work. These must be used to abort the current wave of electoral freebies before they create the type of damage seen above. Freebies can be defined as hand-outs that do not build capacity and/or create distortions. Continuous payments required are largely financed by cutting investment, the quality of public services, or shifting

problems to future governments. The poor suffer the most and are kept poor since they depend on public services. The rich can afford alternatives. One reason reviving the old pension scheme is a popular election sop is because it will have a large impact on government expenditure but only after 2050, shifting the burden to future taxpayers.

The Election Commission can help voters understand that freebies are never free by asking parties to estimate costs of poll promises and also to clarify what tax will rise or what expenditure will be cut to finance them. Independent analysts are making such estimates helping raise voter awareness. For example, estimates of poll promises by the current Uttarakhand government put them at such a large share of revenues that a cut in capex and the quality of public services is inevitable. This would degrade State facilities and lock those getting subsidies in a cycle of poverty and dependence. Voters must see through short-term gains. It is also a race to the bottom that does help parties get re-elected since other parties are forced to compete in offering such sops if they work in some elections.

Central incentives such as interest-free loans conditional on capex have induced a double-digit rise in States' capital spending over the last two years. But still 10 out of 21 States spent less than the budgeted amounts on capex. More conditionality must be imposed on State borrowing. The Constitution of India has wisely made provision for this. A package of carrots and sticks the 12th Finance Commission offered was able to reduce State debt.

Markets would also discipline unproductive expenditure if Central backing of State borrowing stops. Debt varies widely across States but borrowing costs are the same unlike in other countries. Indian subnational debt share at 28 per cent is the 4th highest in the world and should come down. The OECD average is 20 per cent. Politicians must be forced to think of development not just the next elections.
<https://www.thehindubusinessline.com/opinion/illusory-gains-from-freebies/article67551889.ece>

17. A workable solution: Sharp rate hikes not inevitable to bridge GST revenue gaps (*financialexpress.com*) November 20, 2023

Most commentators on public finance including the Reserve Bank of India and the 15th Finance Commission have been concerned about the Goods and Services Tax debuting with a rate structure that was marginally below a computed revenue neutral rate (RNR) for a quantified base, and then slipping considerably below that level. There have been multiple rate reductions over the years as economic stimulus. So the most prominent strand of a plan to insulate the state governments from the shock caused by the withdrawal of the guaranteed State-Goods and Services Tax (S-GST) revenue is to promptly restore the RNR.

This is also expected to improve the aggregate revenue buoyancy. However, there needs to be a careful reconsideration of this strategy that involves wholesale rate hikes, for two reasons. Firstly, revenue buoyancy is not just a function of tax rate or the incidence of tax on any economic agent. After a threshold, the two have an inverse relationship and this dividing line also alters in response to the consumption-demand scenarios or price elasticity of demand. Secondly, RNR is not a constant, rather it's constantly prone to the changes in the consumption matrix.

The consumption market is much more dynamic and fluxing now than ever before. Prime Minister's Economic Advisory Council member Sanjeev Sanyal has therefore struck the right chord as he told this newspaper in a recent interview that the purpose of the proposed exercise to rationalise GST structure/rates "is not to increase or decrease the average tax rate, but to collect more tax revenues and to do it with the least amount of friction to the economy." In a state of leveraged consumption—which forced the RBI to raise the risk weights on unsecured loans—higher indirect taxes should not dampen the aggregate demand further.

It is a proven notion globally that more effective than using tax rate as a tool to boost revenue is a concerted strategy to improve compliance and widen the tax base. As a destination-based tax on consumption, GST is meant to produce an "output effect" by confining tax to the value added at each stage. A virtuous cycle of incremental value creation is expected to allow progressive lowering of tax rate until a stage below which revenue indeed takes a hit.

A steady improvement in compliance in a rapidly formalising economy has in recent years quickened the pace of GST revenues after the initial disconcerting lows and the abyss caused by the pandemic. However, at 2.71%, S-GST to state GSDP ratio (exclusive of compensation) in FY23 was still lower than 2.88% in the immediate pre-GST year FY17, and far lower than what the taxes subsumed in GST fetched the states in FY13 (3.28%). That explains why a massive ₹8.2 trillion, or 10% of the gross mop-up was transferred to the states as compensation between FY18-FY23.

The revenue slump had to do with slower nominal GDP growth and the problems with the design and implementation of GST. The fact is GST revenue growth is plateauing, and the revenue gap doesn't look to be bridged anytime soon in a faltering economy. This has caused several states to suffer revenue deficits again, and some stare at bigger gaps as the relevant Central grants are tapering. Addressing the structural infirmities of GST, and plugging the remaining revenue leakages ought to be the way forward. It is futile to seek higher indirect tax revenues from an economy that struggles to win its spurs. <https://www.financialexpress.com/opinion/a-workable-solution-sharp-rate-hikes-not-inevitable-to-bridge-gst-revenue-gaps/3311239/>

18. 411 infra projects show cost overruns of ₹4.31 lakh crore in Oct: Official report (*thehindubusinessline.com*) Updated - November 19, 2023

As many as 411 infrastructure projects, each entailing an investment of ₹150 crore or more, have been hit by cost overruns of more than ₹4.31 lakh crore in October this year, an official report said.

According to the Ministry of Statistics and Programme Implementation, which monitors infrastructure projects worth ₹150 crore and above, out of 1,788 projects, 411 reported cost overruns and 837 projects were delayed.

"Total original cost of implementation of the 1,788 projects was ₹24,78,446.60 crore, and their anticipated completion cost is likely to be ₹29,09,526.63 crore, which reflects overall cost overruns of ₹4,31,080.03 crore (17.39 per cent of original cost)," the ministry's latest report for October 2023 said.

According to the report, the expenditure incurred on these projects till October 2023 was ₹15,27,102.91 crore, which is 52.49 per cent of the anticipated cost of the projects.

However, it stated that the number of delayed projects decreases to 628 if the delay is calculated on the basis of the latest schedule of completion.

Further, it said that for 290 projects, neither the year of commissioning nor the tentative gestation period has been reported.

Out of the 837 delayed projects, 202 have overall delays in the range of 1-12 months, 188 have been delayed for 13-24 months, 324 projects for 25-60 months, and 123 projects have been delayed for more than 60 months.

The average time overrun in these 837 delayed projects was 36.94 months.

Reasons for time overruns, as reported by various project implementing agencies, include delay in land acquisition, delay in obtaining forest and environment clearances, and lack of infrastructure support and linkages.

Delays in tie-up for project financing, finalisation of detailed engineering, change in scope, tendering, ordering and equipment supply, and law and order problems were among the other reasons.

The report also cited state-wise lockdowns due to Covid-19 (imposed in 2020 and 2021) as a reason for the delay in implementation of these projects.

It has also been observed that project executing agencies are not reporting revised cost estimates and commissioning schedules for many projects, which suggests that time/cost overrun figures are under-reported, it added. <https://www.thehindubusinessline.com/news/real-estate/411-infra-projects-show-cost-overruns-of-431-lakh-crore-in-oct-official-report/article67550225.ece>

19. Building tomorrow's cities (*financialexpress.com*) November 18, 2023

Cities are like economic powerhouses, generating about 80% of the world's GDP. India is no different, with places like Mumbai and Delhi alone generating GDP more than that some of the countries. To keep our cities thriving and improving, we need to build new infrastructure and upgrade the existing one. The number of people living in cities in India is supposed to reach 600 million by 2036. This humongous growth provides an opportunity as well as poses a challenge to improve service delivery and quality of life for millions of citizens.

Therefore, we need to dedicate significant resources towards building future-ready urban infrastructure. Recognising this, the Indian G20 Presidency chose the theme of "Financing Cities of Tomorrow: Sustainable, Inclusive and Resilient" and the New Delhi leaders declaration endorsed a set of 'Principles on Financing Cities of Tomorrow', to promote a shared understanding amongst both developed and

developing countries to shape a sustainable infrastructure investment ecosystem within the cities.

Since there are constraints on the capacity of the governments to finance urban infrastructure, the need to channelise private capital has become very critical. Accordingly, G20 under the Indian Presidency has endorsed some very relevant and high-quality reports to guide the cities for financing sustainable, resilient and inclusive urban infrastructure. The strategy includes urban planning reforms, augmenting own source revenues, maximising investment efficiency, improving creditworthiness of cities, use of innovative financing instruments such as green, social and sustainable bonds targeting a pipeline of investible projects, enabling regulatory environment, use of facilitating tools like GIS and capacity augmentation and institutional preparedness.

Many Indian cities have showcased that innovative revenue generation and financing options are a possibility. Rewa Municipal Corporation (RMC) in Madhya Pradesh spends an average of Rs 350 crore per year on infrastructure. Out of this amount, only 34% is generated through own source revenue of the municipality and the rest is funded by the central and state governments through various schemes and grants. However, even with this low own revenue contribution to infrastructure, leveraging strategic urban planning based on re-densification of urban landscape, RMC has recently implemented a successful urban infrastructure projects through the PPP route—such as the New Rewa Bus Stand. In this project, a barren area of 3.5 acres was converted into a thriving bus stand with commercial complex which has led to premium of Rs 10.5 crore and an annual lease rental of Rs 35 lakh. Similarly, other cities in India have also been able to successfully leverage innovative revenue models for improving urban infrastructure like the Industrial water supply from treated waste water project implemented by Greater Visakhapatnam Municipal Corporation (GVMC) which has enabled the GVMC to earn approximately Rs 30 crore per year as additional revenue from the sale of treated wastewater in strategic collaboration with the private sector for industrial consumption. In order to channelize funding for the project, GVMC had to demonstrate consistent revenue collection and service delivery benchmarks which helped in enhancing its creditworthiness for achieving a credit rating of AA. Likewise, the city of Surat had also created a new revenue stream Rs 140 crore in FY 2022 by selling treated wastewater for industrial reuse. As a pioneer in tapping sustainable finance, Ghaziabad has become the first ULB to issue India's first municipal green bonds worth Rs 150 crore. These examples show that by using better urban planning and innovative financing models, even smaller cities can attract private investors to develop infrastructure and improve the lives of their citizens.

While the G20 outcome documents have a lot of relevance and can serve as a guide for our cities to develop a high-quality infrastructure, India's experiences have also contributed immensely to the global infrastructure agenda. The lessons learnt from the implementation of the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission, Housing for All (PMAY), Metro rail projects, Transit-Oriented Development, the Integrated Control and Command Centres under the Smart City Mission, Municipal Bonds issuances by various cities and India's National Urban Policy Framework (NUPF) formulated in 2018 have enriched the discourse enormously and guided the Group as to how a shared vision for cities across sectors can be developed to accommodate the aspirations of cities of different sizes and at different stages of development.

Going forward, to leverage other means for mobilising sustainable finance, it is imperative that Indian cities augment their institutional capacity, adopt a digitised accounting system, have a pipeline of investible projects, improve their creditworthiness and revenue collection efficiency to create a conducive environment to attract private capital towards urban infrastructure projects. This transition would be crucial in bridging the infrastructure deficit and accelerating the pace of urban infrastructure development. <https://www.financialexpress.com/opinion/building-tomorrows-cities/3310260/>

20. Dept ‘fails to act on multi-crore scam’; Vadodara MGNREGA Lokpal resigns (*indianexpress.com*) November 19, 2023

Vadodara Lokpal for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), NK Ojha, has stepped down citing failure of action by the District Rural Development Agency (DRDA) despite repeated communication from him flagging a “multi-crore” scam involving “more than 80 per cent talukas of Gujarat”.

In his resignation letter dated November 16 to the Gujarat Commissionerate of Rural Development, Ojha has also expressed fear of being “eliminated or physically harmed”.

Ojha’s letter has referred to 17 emails and 11 letters of communication with the department between March 29 and August 9 citing “flagrant violations” in procuring building material for MGNREGA works.

Stating that he was “bogged down” and hence, decided to resign, Ojha stated, “This is the most unfortunate infelicitous assignment I have ever accepted in my life... Technically, your Vadodara District Development Officer and District Rural Development Agency (DRDA) already terminated my services a year ago in October 2022 when they stopped assigning me any complaint after my unearthing a multi-crore scam in purchase of building material in Vadodara district. Hence, this resignation letter stands infructuous...”

“I have been requesting your office since March 2022 to look into similar kinds of criminal modus operandi (Karjan taluka) in other parts of the state leading to a multi-hundred crore scam in purchase of building material for MGNREGA works. Then I requested your office to at least prevent this scam and modus operandi for the year 2023-24... Your own department’s Internal Inquiry committee and the Internal Inquiry Committee formed by DDO Vadodara has also accepted this scam and upheld the award given by the undersigned,” the letter read.

Ojha stated that he has decided to move a PIL based on documents procured through RTI as well as online tenders. He has also marked the resignation letter to Prime Minister Narendra Modi as well as the Chief Minister of Gujarat.

Commissioner of Rural Development Manisha Chandana was unavailable for comment while Vadodara DDO Mamta Hirpara refused to comment on the allegations. <https://indianexpress.com/article/cities/ahmedabad/multi-crore-scam-vadodara-mgnrega-lokpal-resigns-9032798/>

21. Rs 3,735 cr accounting scam in Delhi Jal Board, says BJP
(timesofindia.indiatimes.com) Updated: Nov 19, 2023

NEW DELHI: BJP cited a Rs 3,735 crore "scam" in Delhi Jal Board under the Arvind Kejriwal government while alleging numerous accounting-related irregularities since 2017. "On the one hand the number of consumers has increased but on the other, a loss of over Rs 70,000 crore is shown in DJB's accounts. Kejriwal needs to answer regarding this scam. BJP will seek a CBI probe into this," said Union minister Meenakshi Lekhi and BJP Delhi president Virendra Sachdeva at a joint press conference on Saturday.

Aam Aadmi Party retorted that BJP was using new ways to disrupt the progress of Delhi and its government.

Citing several accounting-related irregularities since 2017, Lekhi alleged a "scam" of Rs 3,735 crore in DJB. She claimed that tenders were avoided for 12,000 work orders worth Rs 600 crore by keeping the value of each below Rs 5 lakh. Sachdeva said Kejriwal should refer the "scam" to CBI and ED for a probe and if he failed to do so, BJP would urge the lieutenant governor to take it up.

Lekhi added AAP and Kejriwal used to accuse the Sheila Dikshit government of a nexus with a "water tanker mafia", but it exists even now. "The accounts haven't been maintained since 2017. While an amount of Rs 1,601 crore is missing from the accounts books, there is a mismatch of Rs 1,167 crore between the DJB's financial statement and the conciliation statement of banks. In addition, there is no trace of a Rs135-crore term deposit," she alleged.

Lekhi maintained there was a fiddle of Rs 3,735 crore "under various heads" in the forms of financial accounting irregularities, adjustments and re-adjustments, missing fixed deposits and other discrepancies.

AAP counter-alleged that the finance department had been delaying funds to DJB and affecting the development of Delhi. "This is being done by the same officers who, on BJP's instructions, halted funds to mohalla clinics before the municipal elections. Despite this dirty politics, Delhi Government remains firm on the progress and prosperity of Delhi and its people, and in this regard DJB too has been working to provide water and sewer facilities to everyone," the party said in a statement.

The statement added that BJP would now threaten officers with CBI enquiries only to stop the good work being done by the Kejriwal government. It went on, "However hard BJP tries, the Arvind Kejriwal government will keep working for the people of Delhi. It doesn't go well for the Union minister to make such fabricated insinuations against an honest government devoted towards its people."
<https://timesofindia.indiatimes.com/city/delhi/rs-3735-cr-accounting-scam-in-delhi-jal-board-says-bjp/articleshow/105323252.cms>