NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Future Gaming, others halted govt's plans to amending lottery rules *(business-standard.com)* Mar 19 2024

The Ministry of Home Affairs proposal to amend Lottery Regulation Act was junked due to resistance from influential market players like Santiago Martin, an Economic Times report has claimed

The Union Home Ministry's proposal to amend the Lotteries Regulation Act 1998 and the revision of Lotteries Regulations Rules 2010 was muted following several petitions by big market players, including lottery king Santiago Martin's Future Gaming and Hotel Services, according to a report by The Economic Times.

The Ministry's actions, seven years ago, followed reports of irregularities by the Comptroller and Auditor General (CAG), the report added.

In a 2017 report submitted to the Parliament, the CAG had flagged serious irregularities in Sikkim, Mizoram, and Nagaland, saying the violations favoured marketing agents such as Future Gaming, the ET report noted. Citing officials, the report further added that Future Gaming also operated in Punjab, Manipur, Meghalaya, Nagaland and was involved in lottery scams in Tamil Nadu, Andhra Pradesh, Bihar, Jharkhand.

"The marketing agents (MA) have cornered 98.60 per cent of sale proceeds of lotteries while the state could receive a meagre 1.40 per cent of sale proceeds, during the audit period 2010-2016," The Economic Times, citing the CAG report, said.

As laid down in the Lotteries Regulation Act, 1998, the proceeds from the sale of lottery tickets shall be credited to the public account of the state. The Lottery Regulation Rules, 2010, required the organising state to ensure proceeds from the sale of lottery tickets received from distributors or selling agents should be deposited either in the consolidated fund of the organising state or in the public account.

It further stated that the organising state is responsible for ensuring that income tax is paid on prizes wherever applicable, by deducting it at the source. Also, the organising state must ensure that the prize money is credited to the bank account(s) of the winners.

The MHA, in September 2023, wrote to eight lottery-running states about the alleged "frauds" and "irregularities" linked to Santiago Martin's companies and told them to stay away. The letter noted that it had received complaints with "serious allegations" against Martin and his lottery firms.

In early 2019, the Enforcement Directorate started a case of money laundering against Future Gaming. By July 2019, the ED had attached assets worth over Rs 250 crore. Three years later, on April 2, 2022, the ED attached movable assets worth Rs 409.92 crore in the case, and five days later on April 7, Future Gaming bought Rs 100 crore in electoral bonds.

"Raids were also conducted on properties owned by Martin and his son-in-law, Aadhav Arjun, in September 2022 and April 2023. In this period, Future Gaming bought electoral bonds worth Rs 303 crore," the ET report said.

In the recent data regarding the electoral bonds made public by the Election Commission of India (ECI), Future Gaming and Hotel Services emerged as one of the biggest buyers of the electoral bonds, worth Rs 1,368 crore. The company donated Rs 509 crore to the Dravida Munnetra Kazhagam (DMK) in the period between FY20 and FY24. https://www.business-standard.com/india-news/future-gaming-others-halted-govt-s-plans-to-amending-lottery-rules-124031900201_1.html

2. Future Gaming, biggest poll bond buyer, & others made government junk plan to amend lottery rules *(economictimes.indiatimes.com)* March 19, 2024

Following reports of irregularities flagged by Comptroller and Audit General (CAG), Union home ministry had proposed to amend the Lotteries Regulation Act, 1998, seven years ago and revise the Lotteries Regulation Rules, 2010, but held back after several petitions by big market players including lottery king Santiago Martin's Future Gaming and Hotel Services.

Future Gaming and Hotel Services is one of the biggest buyers of electoral bonds worth ₹1,368 crore as revealed in the recently released data by the Election Commission.

In its various audits in Sikkim, Mizoram and Nagaland, CAG had found grave violations that favoured marketing agents such as Future Gaming. In its 2017 report, the CAG noted, "The Ministry of Home Affairs, GoI, is reviewing the situation and is likely to notify new regulations whereby revenue receivables are expected to be linked to sales turnover."

When contacted, a spokesperson at the home ministry did not comment.

As per the Lotteries (Regulation) Act, 1998, proceeds of sale of lottery tickets shall be credited into the public account of the state. Similarly, the Lottery (Regulation) Rules notified in April 2010 require that the organising state shall ensure that proceeds of the sale of lottery tickets as received from distributors or selling agents or any other source are deposited in the public ledger account or in the consolidated fund of the organising state.

The 2010 rules further note that it is the responsibility of the organising state to ensure that the income tax on prizes, wherever applicable, is deducted at source and that the prize money is credited to the bank account(s) of the prize winner(s). However, the CAG in its audit noted, "State had not worked out any mechanism for determining optimum share of its revenue resulting from lotteries. The state accepted the fixed minimum guarantee revenue offered by the marketing agents (such as Martin) without any analysis and irrespective of the volume of sales."

The revised rules were to bring tighter norms for marketing agents such as Martin, said an official who was part of the deliberations.

Under the present rules, the state is required to specify qualifications, experience and other terms and conditions for the appointment of distributors or selling agents. They shall furnish a security deposit or a bank guarantee, specified by the state. The ban on Martin's Future Gaming and Hotel Services has been upheld on several occasions by the home ministry in the past. https:///news/india/plan-to-amend-lottery-rules-was-junked-after-lobbying-by-companies/articleshow/108596946.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

3. Electoral Bonds: The Possible Quid Pro Quo Part2 *(moneylife.in)* 18 March 2024

Before the implementation of the electoral bonds scheme, companies were limited to donating only 7.5% of their average profits of the previous three years. This measure was intended to prevent unaccounted money from being funnelled through shell companies. However, the Bharatiya Janata Party (BJP) government removed this cap in 2017, enabling companies to clandestinely contribute funds far exceeding their profits to political parties. In the first part, we have highlighted some cases of possible quid pro quo.

Wonder Cement: Wonder Cement has donated Rs20 crore using electoral bonds to political parties. A report by The Reporters Collective has found links between Wonder Cement and the Sohrabuddin Shaikh encounter case. As per the report, Wonder Cement is owned by Vimal Patni, who was accused in a high-profile encounter case involving several top BJP politicians and police officers from Gujarat and Rajasthan, including the then Gujarat state home minister and current Union home minister, Amit Shah. The charges against all the accused, including Mr Patni, were later dismissed at various stages of the trial.

According to the central bureau of investigation (CBI), which investigated the encounter case, Mr Shaikh allegedly attempted to extort money from Mr Patni, a marble trader from Rajasthan. Mr Shaikh was killed in a police encounter near Gandhinagar. Subsequently, his wife disappeared and one of his associates, Tulsiram Prajapati, was allegedly killed by the police.

Wonder Cement, which reported profits after tax amounting to nearly Rs250 crore in FY22-23, made a donation of Rs20 crore through electoral bonds. Additionally, four members of the Patni family (Ashok Patni, chairman; Suresh Patni, managing director; Vivek Patni, director; and Vineet Patni, president) collectively contributed Rs8 crore to political parties.

Sun Pharma Laboratories: Sun Pharma Laboratories Ltd (SPLL), a wholly-owned subsidiary of Dilip Shanghvi-led pharma major, Sun Pharmaceutical Industries Ltd, donated Rs31.5 crore using electoral bonds in FY19-20 to political parties. It was in two tranches—Rs21.5 crore on 15 April 2019 and Rs10 crore on 8 May 2019.

SPLL faced opposition over its expansion of a bulk drug manufacturing unit in Tamil Nadu in 2022. The site was 3.7km from Vedanthangal Lake Bird Sanctuary but locals argued that the plant would harm the birds. State forest officials supported the community, revealing that the proposed site fell within the Vedanthangal Bird Sanctuary and overlapped an eco-sensitive zone of Karikili Birds Sanctuary, violating environmental laws.

However, the project received environmental clearance from the environment ministry a mere three months after application. Later in October 2023, the national green tribunal (NGT) inquired with the environment ministry about the actions taken regarding the environmental clearance for the expansion project. It questioned whether the clearance would persist and if the ministry would reconsider withdrawing or pausing it. Subsequently, in February 2024, due to the NGT directive, the government halted the company's expansion plans.

Future Gaming And Hotel Services: Future Gaming And Hotel Services Pvt Ltd donated a whopping Rs1,368 crore in total since 2019, the largest buyer of electoral bonds. It is a Coimbatore-based company operating in legal and allegedly illegal lottery business (as alleged by the investigative agencies).

The family is close to all political parties. Santiago Martin himself is seen to be close to the DMK. Mr Martin’s son-in-law is Adhav Arjun, who is with the Viduthalai Chiruthaigal Katchi or VCK which is part of the Congress-led INDIA alliance.

His son Jose Charles Martin had joined BJP in 2015 in the presence of RSS ideologue Ram Madhav. The website of the Martin Foundation describes him as follows: “Having been brought up around one of the best minds in the country, Charles Martin grew up to be a pioneering genius with a long-sighted vision of pursuing his greatest dream and aspiration of becoming one of the world’s best businessmen.”

Future Gaming’s assets worth Rs409 crore were attached by the directorate of enforcement (ED) in April 2022 in a money laundering investigation. Mr Martin has been facing a money laundering investigation since 2016 with the ED attaching property worth more than Rs910 crore. In FY20-21, the company donated Rs150 crore through the electoral bonds but had a profit before tax of just Rs84.79 crore and in FY21-22 the company donated as much as Rs544 crore while earning a profit before tax of just Rs84.46 crore. Moreover in FY22-23, the company donated Rs328 crore to political parties while profit before tax was at just Rs82.02 crore. As of now, he has emerged as the biggest donor to political parties.

RP Sanjiv Goenka Group: Two companies belonging to the Kolkata-based RP Sanjiv Goenka group, which were flagged by the comptroller and auditor general (CAG) for manipulating coal mine auctions, were among the top-10 contributors to political parties under the electoral bonds scheme. The two firms, together, donated a total of Rs485 crore through electoral bonds to political parties.

Documents uncovered by The Reporters' Collective also exposed that the Union government unlawfully excluded a firm owned by the West Bengal government from the auction, thereby facilitating the victory of the Goenka group.

In the 2015 auction for the Sarisatolli coal block in West Bengal, an RP Sanjiv Goenka group company acquired a shell firm and presented it as a competitor alongside its flagship entities, Calcutta Electricity Supply Corporation (CESC) and Haldia Energy.

Consequently, three out of the five bidders for the coal mine were affiliated with the conglomerate: CESC, Haldia Energy, and the newly acquired shell firm named Sheesham Commercial.

Among these subsidiaries, Haldia Energy abstained from bidding entirely. Interestingly, the shell company, procured just two days before the auction, submitted a bid from the same private internet protocol (IP) address utilised by its parent company and the bid-winning entity, CESC. This arrangement, according to CAG protocol, constituted a clear case of collusion. Additionally, Haldia Energy emerged as the fourth-largest donor through electoral bonds, contributing over Rs370 crore. Dhariwal Infrastructure, another company from the RP Sanjeev Goenka group, donated over Rs115 crore.

In its internal communications, CAG criticised the Union coal ministry over allegations of auction manipulation. However, in its public report, CAG refrained from explicitly naming any of the companies affiliated with the RP Sanjiv Goenka group.

Megha Group's Donation: Megha Engineering and Infrastructure Ltd, a little-known Hyderabad-based company with a paid-up capital of Rs156 crore, acquired electoral bonds amounting to Rs966 crore, making it the second-largest donor since April 2019.

Megha group is owned by Krishna Reddy and is involved in many Central and state government projects with the biggest being the Rs1.51 lakh crore Kaleshwaram lift irrigation project on the Godavari river in Telangana, recognised as the world's biggest. As per a CAG report, the project has widespread irregularities in the scheme and concluded that it caused huge loss to the exchequer.

In October 2019, the income-tax (I-T) department had raided the group for alleged irregularities. Olectra Greentech, a listed company winning many orders for electric buses which it manufactures in collaboration with Chinese car-maker BYD, is a subsidiary of Megha Engineering. Last year, the government rejected a US$1bn (billion) investment proposal of Megha and BYD to set up an EV plant.

Western UP Power Transmission Company Ltd (group company) of the Megha group, ranked as the seventh-highest purchaser of electoral bonds, operates as a power transmission company, responsible for laying transmission lines across Western Uttar Pradesh. The company has acquired electoral bonds worth Rs220 crore.

Two other companies within the Megha group, SEPC Power and Evey Trans Pvt Ltd, contributed Rs40 crore and Rs6 crore, respectively, between April 2019 and January 2024. This brings the combined electoral bond donations of the Megha group to Rs1,232 crore.

Megha Engineering and Infrastructure has demonstrated a consistent pattern of purchasing electoral bonds over the years:

Rs130 crore in 2019

Rs20 crore in 2020

Rs100 crore in 2021

Rs223 crore in 2022

Rs415 crore in 2023
https://www.moneylife.in/article/electoral-bonds-the-possible-quid-pro-quo-part2/73717.html

4. चुनावी बॉन्ड: शीर्ष खरीदार कंपनी को लेकर कैग रिपोर्ट में गंभीर अनियमितताएं सामने आई थीं *(thewirehindi.com)* 18 March 2024

लॉटरी में भ्रष्टाचार की शिकायतों के बाद साल 2015 में केंद्रीय गृह मंत्रालय द्वारा ऑडिट का निर्णय लिया गया था, जिसमें कंपनी के मालिक सैंटियागो मार्टिन एक अहम व्यक्ति थे. इस कंपनी ने चुनावी बॉन्ड के ज़रिये राजनीतिक दलों को सर्वाधिक कुल 1,368 करोड़ रुपये का चंदा दिया है.

भारत के नियंत्रक और महालेखा परीक्षक (कैग) द्वारा संसद पेश की गई 2017 की एक रिपोर्ट में लॉटरी किंग सैंटियागो मार्टिन के स्वामित्व वाले फ्यूचर गेमिंग और होटल सेवाओं सहित मार्केटिंग एजेंटों को लेकर गंभीर अनियमितताएं सामने आई थीं.

इकोनॉमिक टाइम्स के अनुसार, चुनाव आयोग द्वारा जारी हालिया आंकड़ों से यह पता चलता है कि फ्यूचर गेमिंग एंड होटल सर्विसेज कंपनी चुनावी बॉन्ड की सबसे बड़ी खरीदार है. इस कंपनी ने राजनीतिक दलों को कुल 1,368 करोड़ रुपये का चंदा दिया है.

इस कंपनी के मालिक मार्टिन का नाम उन लोगों में शामिल है, जिनके खिलाफ लॉटरी में भ्रष्टाचार और उल्लंघन की शिकायतों के बाद 2015 में केंद्रीय गृह मंत्रालय द्वारा ऑडिट का निर्णय लिया गया था.

अखबार ने कैग रिपोर्ट का हवाला देते हुए कहा है कि ऑडिट अवधि 2010-2016 के दौरान कंपनी के मार्केटिंग एजेंटों ने लॉटरी की बिक्री आय का 98.60% हिस्सा हड़प लिया है और राज्य को केवल 1.40 प्रतिशत ही मिल सका.

कैग ने 'परफॉरमेंस ऑडिट ऑन सिक्किम स्टेट लॉटरीज़' (Performance Audit on Sikkim State Lotteries) शीर्षक वाली अपनी रिपोर्ट में कहा था, 'विभिन्न लॉटरी अनुबंध में राज्य को मिलने वाले हिस्से में पारदर्शिता की कमी, प्रतिस्पर्धी बोली के बिना अनुबंध के लगातार आगे बढ़ाने और टेंडर को अंतिम रूप देने में काफी देरी के चलते राज्य को राजस्व का भारी नुकसान हुआ. लॉटरी व्यवसाय का संचालन पूरी तरह से निजी ऑपरेटरों मार्केटिंग एजेंटों द्वारा नियंत्रित और संचालित किया जाता है.'

अख़बार ने मार्टिन के लेनदेन से परिचित अधिकारियों के हवाले से बताया कि सिक्किम के अलावा मार्टिन पंजाब, मणिपुर, मेघालय, नगालैंड में भी काम करते थे और तमिलनाडु, आंध्र प्रदेश, बिहार, झारखंड में लॉटरी घोटालों में शामिल थे.

इस संबंध में गृह मंत्रालय ने राज्य सरकारों को लॉटरी मार्केटिंग व्यवस्था की निगरानी करने और यह सुनिश्चित करने के लिए निर्देश भी जारी किए थे कि लॉटरी की बिक्री, वितरण, छपाई में शामिल व्यक्ति, कंपनियां अधिनियम के किसी भी प्रावधान का उल्लंघन न करें.

मार्टिन का लॉटरी साम्राज्य अनुमानित रूप से 40,000 करोड़ रुपये का है और वह रियल एस्टेट, मीडिया, निर्माण, सॉफ्टवेयर और फार्मा जैसे कई अन्य उद्योगों में भी शामिल हैं.

दिलचस्प बात यह है कि फ्यूचर गेमिंग और होटल सर्विसेज चुनावी बॉन्ड के सबसे बड़े खरीदार के रूप में उभरा है. तीन समाचार संगठनों - न्यूज़लॉन्ड्री, स्क्रॉल, द न्यूज़ मिनट- और कई स्वतंत्र पत्रकारों से जुड़े एक खोजी सहयोग प्रोजेक्ट 'प्रोजेक्ट इलेक्टोरल बॉन्ड' के अनुसार, कंपनी ने अक्टूबर 2020 और जनवरी 2024 के बीच चुनावी बॉन्ड पर 1,368 करोड़ रुपये खर्च किए.

रिपोर्ट में कहा गया है कि द्रविड़ मुनेत्र कषगम (डीएमके) को अप्रैल 2019 और नवंबर 2023 के बीच चुनावी बॉन्ड के माध्यम से 656.5 करोड़ रुपये मिले, जिसमें पार्टी द्वारा सीलबंद कवर में सुप्रीम कोर्ट में दायर जानकारी का हवाला दिया गया है.

डीएमके के मुताबिक, इसमें से 509 करोड़ रुपये मार्टिन ने चंदे के रूप में दिए थे. इसके अलावा यह स्पष्ट नहीं है कि कंपनी ने बाकी का चुनावी चंदा किसे दिया है.

बता दें कि जांच रिपोर्ट में पाया गया कि राजनीतिक दलों को चुनावी चंदा देने वाली कई कंपनियों को पिछले कुछ वर्षों में कई बार छापे का सामना करना पड़ा है और फ्यूचर गेमिंग एंड होटल सर्विसेज भी उनमें से एक है.

रिपोर्ट में कहा गया है कि मार्टिन 2007 से एजेंसियों की जांच के दायरे में हैं. 2011 में केंद्रीय जांच ब्यूरो सीबीआई ने उनके और उनके करीबी सहयोगियों के खिलाफ 30 मामले दर्ज किए.

इसमें आगे कहा गया, 'साल 2019 में ईडी ने मार्टिन के खिलाफ मनी लॉन्ड्रिंग जांच शुरू की थी. इसी सिलसिले में एजेंसी ने अप्रैल 2022 से मई 2023 तक कंपनी की संपत्ति भी कुर्क की. अप्रैल और दिसंबर 2022 के बीच फ्यूचर गेमिंग ने 290 करोड़ रुपये के चुनावी बॉन्ड खरीदे.'

इसके अलावा सितंबर 2022 और अप्रैल 2023 में मार्टिन और उनके दामाद आधव अर्जुन की संपत्तियों पर भी छापेमारी की गई थी. इस अवधि में फ्यूचर गेमिंग ने 303 करोड़ रुपये के चुनावी बॉन्ड खरीदे थे. https://thewirehindi.com/270585/electoral-bond-top-purchaser-future-gaming-was-on-radar-of-cag-2017-report/

STATES NEWS ITEMS

5. Central board rejects penalty fixed by KSPCB in Maradu demolition waste case *(thehindu.com)* March 19, 2024

The Central Pollution Control Board (CPCB) has rejected the environment compensation of ₹78.05 lakh assessed by the Kerala State Pollution Control Board (KSPCB) for improper management of construction and demolition waste following the controlled implosion of four high-rises at Maradu in January, 2020.

The Central board, which had assessed an environment compensation of ₹4.8 crore in December 2023, has recalculated the penalty to ₹4.1 crore while stating that the number of days of violation of norms related to the management of construction and demolition waste was 1,453, and not 158 taken into account by the KSPCB while fixing the environment compensation at ₹78.05 lakh.

The Regional Directorate of the CPCB in Bengaluru, which submitted a report dated March 1, 2024, on the updated environment compensation before the Southern Bench of the National Green Tribunal, referred to the State board's contention that 10,456.5 tonnes out of the total demolition waste of 69,606 tonnes were disposed of as per the Construction and Demolition Rules, 2016, under its supervision.

But there are no reports or information indicating that the remaining quantity of 59,149 tonnes of waste was managed as per rules within 158 days. Hence, the number of days of violation may not be taken as 158 days while estimating the environment compensation.

The report of the Central board stated that the KSPCB had not earlier shared information that 10,456 tonnes of waste was disposed of as per rules at Madavana, Irumpanam, Palluruthy, Malikampeedika, and Varapuzha. It was contended that the waste was used for purposes like land-filling and raising the elevation of the terrain for the construction of roads and culverts, it said.

The CPCB also quoted the report of the Comptroller and Auditor General of India mentioning lapses in the disposal of demolition waste. The ultimate disposal was not in tune with norms, it said. https://www.thehindu.com/news/cities/Kochi/central-board-rejects-penalty-fixed-by-kspcb-in-maradu-demolition-waste-case/article67964977.ece

6. TMC govt under scanner over non-submission of 'Utilisation Certificates'. Here is what it means and why the CAG is concerned *(opindia.com)* 18 March, 2024

On Saturday (16th March), the West Bengal police detained BJP leader Indranil Khan for protesting against the non-submission of 3,94 lakh Utilisation Certificates (UCs) by the Mamata Banerjee-led-government.

Khan, the State President of Bharatiya Janata Yuva Morcha (BJYM), sought accountability from the Trinamool Congress (TMC) dispensation of about 3.94 lakh pending UCs during 'Yuva Adda' programme held in Hazra More in Kolkata.

While the event was disrupted by the city police, it brought into focus allegations of misappropriation of funds to the tune of 2.94 lakh crores by the State government.

For those unaware of the matter, Utilisation Certificates are official documents issued by the government upon the completion of a project. These projects are undertaken across various governmental departments such as education, agriculture, health, urban development etc.

A UC is issued only after it is ensured that funds, sanctioned by the government on completion of a particular project, are utilised in the manner intended by it.

Once a Utilisation Certificate is submitted by the government, it tells the auditors that a project has been completed and that there has been no misappropriation of funds.

CAG report on West Bengal

In March 2022, the supreme audit institution 'Comptroller and Auditor General of India (CAG)' tabled its 154-page report on West Bengal where it highlighted that the the TMC government did not submit a whopping 3,94,162 UCs till March 2021.

This is despite the fact that Rule 330A of the West Bengal Treasury Rules (WBTR) and Subsidiary Rules (SR) 1997, read with the Finance Department's order (August 2005), makes it compulsory for the government to issue Utilisation Certificates within 1 year of release of funds.

CAG found that UCs for funds amounting to ₹2,29,099 crores have been outstanding till March 2021.

Year	Opening Balance as on 1st April 2020		Addition during 2020-21		Clearance during 2020-21		Due for submission upto 2020-21	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2018-19	3,56,570	2,00,756	-	-	91,495	47,714	2,65,075	1,53,042
2019-20	46,394	24,956	21,497	17,857	-	-	67,891	42,813
2020-21	-	-	-	-	-	-	61,196	33,244
Total							3,94,162	2,29,099

Age-wise arrears in the submission of Utilisation Certificate, table via Page 87 of the CAG Report 2020-2021

Page 87 of the report [pdf] states –

"Audit scrutiny revealed that as of March 2021, a total of 3,94,162 UCs in respect of grants aggregating ₹2,29,099 crore had not been submitted."

The CAG noted that between 2016-2017 and 2020-2021, the number of outstanding Utilisation Certificates of the West Bengal government increased by 59.91% while the associated pending amount increased by 87.77%

"…There has been no improvement as number of pending UCs and the amount increased by 59.91 per cent and 87.77 per cent respectively, over that reported in the Audit Report of 2016-17 (2,46,484 UCs for ₹1,22,008 crore)," the supreme audit institution emphasised.

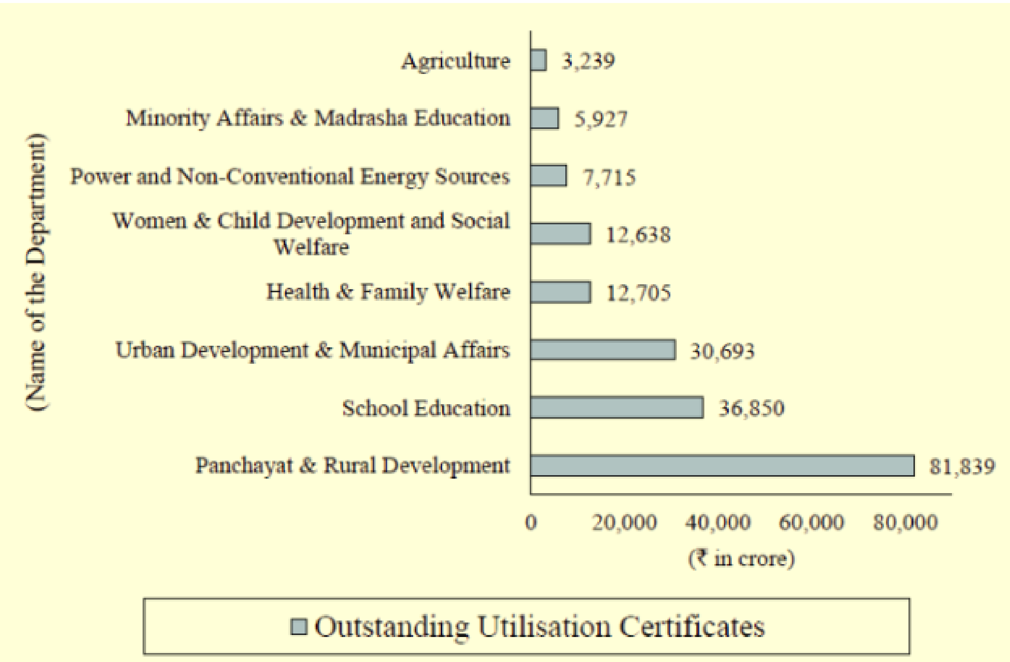
Year	Number of UCs	Amount (₹ in crore)
2015-16	3,894	4,696
2016-17	17,485	24,742
2017-18	32,667	36,250
2018-19	40,859	37,427
2019-20	67,891	42,813
2020-21	61,196	33,243
Total	**3,94,162**	**2,29,099**

Year-wise breakup of outstanding Utilisation Certificates, table via Page 88 of the CAG Report 2020-2021

On page 88 of the report, CAG pointed out that the pending Utilisation Certificates during the 2018-2021 period accounted for a whopping 49.54% of the total amount of all outstanding UCs.

It stated that the West Bengal government did not submit the majority of its Utilisation Certificates, relating to the Departments of Panchayat and Rural Development (₹81,839 crores), School Education (₹36850 crores) and Urban Development & Municipal Affairs (₹30,693 30,693 crores).

"Outstanding UCs of these three departments accounted for 39.30 per cent of the total UCs outstanding and 65.20 per cent of the total outstanding amount," CAG underlined.



Outstanding amount of UCs in 8 departments since 2002-03, chart via Page 88 of the CAG Report 2020-2021

Concerns and Recommendations of CAG

On pages 88 and 89 of its 2020-2021 report, the supreme audit institution noted that pendency in submitting outstanding Utilisation Certificates could risk the possibility of misappropriation of funds sanctioned by the West Bengal government.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given. This assumes greater importance as pendency in non-submission of UCs is fraught with the risk of misappropriation," CAG stated.

On Page 125 of the report, it further urged the TMC dispensation, "The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes."

PIL alleges scam, BJP seeks accountability from TMC govt
In January 2023, a Public Interest Litigation (PIL) was filed before the Calcutta High Court, accusing the Mamata Banerjee-led-West Bengal government of spending ₹2.29 lakh crores without any documentation.

"A report submitted by the CAG of India for the year ended 31 March, 2021 with respect to the finances of the State of West Bengal points out various glaring incongruities and irregularities which point towards the misappropriation and perpetration of a financial scam of massive proportions by which the public exchequer has been defrauded," the petition read.

It added, "From the report of the CAG of India, it can be seen that UCs (Utilisation Certificates) to the tune of Rs 2,29,099 crore are yet to be received from various departments of the Government of West Bengal with the biggest defaulters being the Departments of Urban Development and Municipal Affairs, School Education, Panchayat and Rural Development with each such Department failing to submit UCs to the extent of Rs 30,693 crore, Rs 36,850 crore, Rs 81,839 crore respectively. Thus, effectively Rs 2,29,099 crore of the public exchequer's money have been spent without there being even an iota of any documentation such as UCS which are mandatorily required."

In the meantime, the leading Opposition party in West Bengal, BJP had accused the ruling TMC government of engaging in corruption, loot and scam. It had sought the whereabouts of the utilised funds (received from the Centre)and the reason for reluctance in submitting the utilisation certificates.

BJP leader Gaurav Bhatia had dubbed the non-submission of UCs as the 'mother of all scams.' Party President (West Bengal) Sukanta Majumdar remarked, "Her government has tried to loot public money everywhere. The CAG report is a slap on her government's face and exposes it."

Mamata govt blames BJP instead
After being cornered over the CAG report by the BJP, West Bengal Chief Minister Mamata Banerjee alleged that the report was compiled by the saffron party.

"It is a total lie. The CAG had no information on what to write and what not to. It is a distorted fact and written by the BJP," she claimed during a sit-in demonstration in February this year.

Later in the month, West Bengal Chief Secretary Bhagwati Prasad Gopalika and Finance Secretary Manoj Panth held a press conference and alleged that the CAG report was fraught with discrepancies.

"The state government does not accept the CAG report. A total of 8 departments have been mentioned and it talks about two lakh twenty-nine thousand crore rupees. There has been a misunderstanding. The 2021 report mentions 20 years, meaning it's a 20-year calculation. We cross-checked with eight departments, all submitted UC up to 2022," Bhagwati Prasad Gopalika claimed.

Manoj Panth alleged, "If they were not getting UC for 20 years then why didn't they say earlier…Its is a wrong report."

CAG rubbishes claims of TMC govt

Following the press conference by two civil servants of West Bengal, The Print spoke to a senior official of the Comptroller and Auditor General of India (CAG).

While rubbishing the claims made by the TMC government and its secretaries, the official said, "The West Bengal government's statements against the CAG report are seemingly more political than factual."

He added, "UCs are issued by the state government, so naturally the data and documents are directly taken from the state for audit. So, if the UCs were submitted, the CAG wouldn't report otherwise. There is no error."

"Before a CAG report is submitted, it is scrutinised eight to nine times. There are three on-field and three office scrutinies. Every corresponding document is supplied for data in a report," the official concluded.

Conclusion

The Mamata Banerjee-led-West Bengal government has been under the scanner over multiple scams, which took place under its regime since 2011.

TMC leaders have previously been involved in the Rose Valley scam, the teachers' recruitment scam, the Sharda scam, the cow-smuggling scam and a coal scam.

As such, it will not come as a surprise if the misappropriation of funds is detected by investigative agencies as the underlying reason for the non-submission of 3,94,162 Utilisation Certificates for funds amounting to ₹2,29,099 crores.

With just a month away for the 2024 Lok Sabha elections to commence, the BJP is trying to corner the TMC dispensation over this particular case. The recent protest led by BJYM leader Indranil Khan was a part of the same political strategy. https://www.opindia.com/2024/03/tmc-utilisation-certificate-scam-west-bengal-cag-report-explained/

SELECTED NEWS ITEMS/ARTICLES FOR READING

7. Misconceptions in Indian fiscal federalism

(thehindubusinessline.com) Updated - March 18, 2024

States' reasoning that they don't have much freedom to tax/borrow, get less than fair share of Central taxes, and that richer States lose out, doesn't stand up to scrutiny

India has a federal structure. It is one country of many diverse States; not a union of many countries. Most notable among the institutions that keep it together are the Finance Commissions (FCs), independent constitutional bodies appointed every five years, with the mandate to achieve uniform public services through the country.

As the 16th FC starts its work, we discuss three emotive issues that come up often in this area. Careful benchmarking with other countries and examination of data, however, suggest they are misconceptions.

The first is that States should have more freedom to tax and borrow; the second that States get less than their fair share of Central taxes; the third that richer States lose out since transfers are towards poorer States.

Rights of States

Tax and borrowing rights: The outcomes, however, suggest that restraints on States' fiscal freedoms are among least severe in the Indian federal structure. In 2022 Indian subnational debt at 28 per cent of GDP was the fourth highest in the world. The OECD average is 20 per cent.

Borrowing is helped because the yield spread across States is the least in India. All SDLs (State development loans) have the same rate near G-secs. More indebted States can borrow at the same rate as others because the RBI has an automatic debit mechanism supporting State borrowing. In Mexico, the spread was 4.5 per cent and in South Africa it was 1.5 per cent in 2022.

Theoretical principles of federalism support giving more elastic taxes, such as on incomes, to the Centre. Otherwise there would be migration away from States with higher taxes. FCs compensate by transferring resources to the States.

In addition, no limits on State borrowing result in macroeconomic instability. For example, Brazil and Argentina had hyperinflation in periods of unconditional central bailouts, as regions competed to borrow more, raising deficits sharply. So the constitutional right of the Centre to impose borrowing limits on States with high debt is required. Yet half a dozen States habitually exceed Fiscal Responsibility and Budget Management Act debt limits of 30 per cent.

Moreover, research finds States' own tax effort is less than potential, after controlling for all the elements that affect their tax potential. Effort is found to reduce with transfers from the Centre while the application of FRBM increased it.

Now State GST is elastic so a large rise in revenues is possible with data-based collection at the point of sale. It has increased from ₹2.6 trillion in FY18 to ₹8.4 trillion in FY24BE with double-digit growth last year.

Transfer of resources from Centre: Again, the facts show Indian States' spending share is higher than in most other federal structures. Over 2015-20, States' average share of general government expenditure was 63.9 per cent while in other large federal countries such as Brazil, Indonesia, the US and Australia it was about 40 per cent, with the Centre spending about 60 per cent.

But the share of States' own taxes was only 36.7 per cent. They spend more than they tax due to large transfer of resources from the Centre. Shareable taxes and tax share rose steadily. From the 1st to the 10th FC, only Central income and excise taxes were shareable. In 2000, Article 270 of the Constitution was amended to make all Central taxes, except cess and surcharge, shareable. The States' share of 29.5 per cent with the 11th FC had risen to 41 per cent by the 15th FC.

The actual share in Central taxes, however, stayed at about 32 per cent in the early 2020s. But there were additional transfers. In 2022-23, tax devolution was 3.5 per cent of GDP but Central grants were 3.2 per cent. Even the 14th FC, which increased the tax share by 10 per cent, did not expect the already high aggregate share to rise. It wanted a fall in centrally sponsored schemes (CSSs) and a rise in untied, predictable tax devolution. This was the time CSSs were being rationalised.

CSSs were restructured but still rose. The reason was delivery of public goods, such as health, education and environment, in the Concurrent List of the Constitution remained neglected. This hurts the poor more, since the rich can find private substitutes. This delivery requires activation of the 3rd Tier, but decentralisation of funds and functionaries to the 3rd Tier mandated by the 1990s' 73rd and 74th Amendment remained patchy across States.

Tax devolution is a right, although the formula changes slightly with successive FCs after extensive consultations. Conditionalities can be imposed only on grants and these remain important for public service delivery. CSSs and other grants to local bodies, 60 per cent of which are for water and sanitation, are substituting for lack of devolution to 3rd Tier. Although States prefer a free hand their citizens have a right to uniform public services. Building human capacity is very important in India's current growth juncture.

A rise in non-shareable cesses and surcharges is also regarded as unfair. But these partly finance grants. In 2022-23, 21 per cent of State revenue receipts were from grants and 26 per cent from tax sharing. Some of the rise was due to the fall in international oil prices in 2014. States raised their own oil taxes.

Imposition of Central schemes is disliked. But States can make their own add-ons, customise and own them. In Odisha, where local political cadres are more active, the schemes are known as State schemes. Bihar has used this to achieve the largest fall in multi-dimensional poverty. The Central Ayushman Bharat has been renamed Mukhyamantri Jan Arogya Yojana.

North-South divide: States in the South and West are told they are subsidising a poorer North and East. But net resource flows have differed in the past and will change again in the future. States gain much more than just resources participating in a vibrant growing common market. We see Britain suffering the consequences of Brexit. There is also protection in a fragile nuclear neighbourhood.

Moreover, facts again belie common perceptions. Data from four populous northern States — Bihar, MP, Rajasthan, UP — and four Opposition southern States — Andhra Pradesh, Karnataka, Kerala, Tamil Nadu — shows that since 2000, while the formula-based share of taxes fell for the southern States, the share of grants from the Centre rose for them and fell for the northern States. As a result, the share of total transfers to the southern States was constant.

Since northern States are more populous, and southern States more prosperous, on equity grounds, which dominates FC transfers, the North should get more. Yet, although share in total transfers was constant, since 2013 grants per capita are higher for the South. This is the effect of rising conditional transfers since more efficient States get more of these. For example, the four southern States have more than 50 per cent of Ayushman Bharat patients. Better medical facilities increase the use of this scheme. So they should not be complaining about conditionality.

Responsibilities and outcomes

The States with debt exceeding the FRBM 30 per cent also tend to be the ones with high revenue deficits and low capital expenditure. This is not fair to other States or to themselves. Conditionalities deliver more to better performing States and induce better performance, helping States escape low level traps and distorting choices such as in the electricity sector or water supply. So these should be priorities for the 16th FC. Citizens should avoid divisive agendas and ask for delivery. https://www.thehindubusinessline.com/opinion/misconceptions-in-indian-fiscal-federalism/article67965773.ece

8. Electoral Bonds: The Possible Quid Pro Quo- Part1 *(moneylife.in)* 18 March 2024

The public disclosure of subscription to electoral bonds, mandated by the Supreme Court, has revealed several questionable practices that demand further scrutiny. Reports indicate that some companies have spent multiples of their annual profits to donate to political parties through electoral bonds. Additionally, some companies have allegedly used indirect methods to purchase these bonds. Perhaps most troubling is the allegations that central investigative agencies like the directorate of enforcement (ED), income-tax department (I-T), and central bureau of investigation (CBI) have been deployed as a means to compel companies to make donations.

Data from State Bank of India (SBI) suggests that at least 14 out of the top-30 companies which purchased electoral bonds between 12 April 2019 and 24 January 2024 have faced action by Central or state probe agencies.

Allanasons: The Allanasons group, the beef exporter, donated Rs6 crore on 9 July 2019 (three entities), Rs1 crore on 9 October 2019 and Rs2 crore in January 2020. Here comes the interesting part: the Mumbai wing of the I-T department conducted raids on the Allana group in January 2019. The raids were conducted at 100 units for over two days, as per The Economic Times.

The report mentioned that nearly three months following the survey conducted by the I-T department on the Allana group, tax officials had reportedly discovered that the meat exporter may have evaded paying taxes worth Rs2,000 crore, according to two individuals familiar with the matter.

Grasim Industries: As per a report from The Reporters Collective, The Aditya Birla group has made a total donation of Rs534 crore, distributed as follows:

Rs224 crore from Essel Mining and Industries Ltd
Rs135 crore by Utkal Alumina International Ltd
Rs35 crore through Ultratech Cement
Rs105 crore by Birla Carbon
Rs33 crore through Grasim Industries
Rs2 crore through Birla Estate Pvt Ltd

In August 2021, the Union government lifted the anti-dumping duty on viscose staple fibre (VSF), a man-made, biodegradable fibre used in textiles manufacturing which had been Grasim's speciality for decades.

The decision to remove the anti-dumping duty on VSF followed an order by the competition commission of India (CCI), which found that Grasim had abused its dominant position in the VSF market "by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations upon its customers." This decision opened the door for foreign manufacturers to enter the market with cheaper products, adversely impacting Grasim.

However, as per an investigative report from The Indian Express, Grasim officials reportedly lobbied successfully with Piyush Goyal, the Union minister for textiles, to implement stringent quality control measures in the sector. The order outlining stricter quality control measures was issued in December 2022, effectively restricting imports from China and Indonesia. These imports had previously sustained the operations of small- and medium-sized companies.

In less than a year since India implemented a stringent quality control order for VSF, a crucial raw material in the textiles supply chain, imports of VSF plummeted by 65%. This development enabled Aditya Birla group-owned Grasim Industries to strengthen its market share to 95%, up from 90%.

Rithwik Projects: Rithwik Projects is a mining and infrastructure company founded by Bharatiya Janata Party (BJP)'s Rajya Sabha member CM Ramesh. He was a member of the Rajya Sabha from the Telugu Desam Party (TDP) but resigned in 2019 after the I-T raids in October 2018 and immediately after TDP lost power in 2019.

In October 2018, during his tenure with the TDP, the I-T department conducted searches at his residence and locations. Mr Rajesh, his brother and executive director at Rithwik Projects, was also reportedly subjected to these searches. The MP characterised the raids as 'a clear instance of political vendetta', alleging that the Union government had been targeting TDP leaders for the past 15 days. In June 2019, Mr Ramesh, along with four other MPs from TDP, resigned to join the BJP. This decision followed the TDP's loss of power in Andhra Pradesh.

A report by The Reporters Collective says Rithwik Projects donated Rs5 crore through electoral bonds in January 2023, ahead of the February 2023 elections in Tripura, Meghalaya, and Nagaland. Additionally, it purchased bonds worth Rs40 crore in April 2023, prior to the Karnataka elections.

Ramky Group: In July 2021, I-T investigators conducted raids on 15 properties belonging to the Ramky group, including its headquarters in Hyderabad. The investigation focused on suspected tax evasion involving the group's fabrication of losses amounting to Rs1,200 crore. Additionally, the Ramky group, which owns the construction company, has been subjected to raids by the ED, CBI, and I-T authorities on multiple occasions.

After the raids, in January 2022, the group donated Rs40 crore, followed by another donation of Rs50 crore in April 2022 and a further Rs15 crore in October 2023.

These donations were made before the state assembly elections in Uttar Pradesh, Goa, Uttarakhand, Punjab, and Manipur.

The group was established by Alla Ayodhya Rami Reddy, a Guntur businessman-politician member of Andhra Pradesh's ruling YSR Congress Party. He was appointed to the Rajya Sabha in 2020 by the YSR Congress Party. https://www.moneylife.in/article/electoral-bonds-the-possible-quid-pro-quo-part1/73710.html#:~:text=The%20public%20disclosure%20of%20subscription,political%20parties%20through%20electoral%20bonds.

9. The rise of Round-the-Clock renewables in India *(timesofindia.indiatimes.com)* March 18, 2024

For decades, India's energy landscape has been a story of flickering hope and frustrating limitations. We have chased the dream of clean, reliable power, battling the demons of rising fuel costs and dependence on imported resources. But a recent report by the Central Electricity Authority (CEA) has ignited a spark that feels different – a beacon of possibility that could rewrite the narrative entirely.

The report unveils the immense potential of Round-the-Clock Renewable Energy (RE-RTC). This isn't your average solar panel and wind turbine combo. RE-RTC is a sophisticated dance between these renewable sources, cleverly integrated with storage solutions. It is like having a tireless green genie, ready to power your home or business 24/7, rain or shine.

Industry veterans would vouch for the fact that the industry has seen a fair share of technological promises, but RE-RTC feels like the real deal. Why? Because it tackles the Achilles' heel of renewables – intermittency. We all know the sun does not shine at night, and the wind does not always blow. But with RE-RTC, the excess energy generated during peak production times gets stored, becoming a reliable reserve for evenings and mornings. This not only ensures a steady flow of clean energy, but also eliminates the need for expensive, polluting peak power plants.

The economic implications are nothing short of game changing. Right now, new coal plants are generating electricity at a cost of around ?5-6 per unit, and that is just the starting point. Fuel costs are a constant threat, pushing prices higher. RE-RTC, on the other hand, offers a stable, long-term solution at a competitive price point. Studies by the CEA suggest it can even be cheaper than traditional sources in the long run. Imagine that – powering your home with clean energy while saving money on your electricity bill. Sounds like a win-win, doesn't it?

But the benefits extend far beyond cost savings. RE-RTC paves the way for a cleaner, more sustainable future for India. We can finally break free from the shackles of fossil fuels and their detrimental impact on our environment. Imagine a world where our energy needs are met without spewing harmful greenhouse gases into the atmosphere. RE-RTC makes this vision a reality, putting India on a path towards achieving its ambitious net-zero emission targets.

Of course, challenges remain. We need robust policy frameworks to incentivize RE-RTC adoption, foster collaboration between stakeholders, and accelerate advancements in storage technology. But the CEA report provides a clear roadmap, and the government's commitment to clean energy is a positive sign.

Commenting on the finding of this report, Bhushan Rastogi, MD, Mercados Energy Markets India, says, "This is not just about technology or economics. It is about a collective vision for a brighter future. RE-RTC represents a chance to rewrite India's energy story, transforming it from one of vulnerability to one of self-reliance and sustainability. As an industry stakeholder, I cannot help but feel a surge of optimism. It is a new India moment for me."

This may just be the dawn of a new era, where our homes and businesses are not just illuminated, but powered by the collective strength of innovation and a commitment to a cleaner, greener tomorrow. The future of India's energy sector is no longer a flickering hope, but a steady light, guiding us towards a brighter, more sustainable future. https://timesofindia.indiatimes.com/blogs/the-write-wing/from-flickering-to-flourishing-the-rise-of-round-the-clock-renewables-in-india/

10. Digital Competition Bill: A mixed bag *(moneycontrol.com)* March 18, 2024

Given big tech dominance, the Digital Competition Bill was much awaited. But the law should be accompanied by enhancement of capacity at the competition regulators' ends for optimal regulation of the technology sector. Clearer delineation of the scope and nature of inclusions and exemptions is needed, with a particular focus on extending exemptions to those generating net consumer benefits

In a much-awaited move, the Committee on Digital Competition Law ('CDCL/the Committee') has finally released its report ('the Report') recommending an ex-ante framework for the regulation of digital markets along with the Draft Digital

Competition Bill 2024 (‘DCB/the Bill’), specifically to large digital enterprises, i.e., Systemically Significant Digital Enterprises (SSDEs). As discussions on the proposed law intensify, examining its consultation process, scope, and provisions is essential.

Consultation Period

While the Ministry of Corporate Affairs (MCA) has provided time until April 15 to submit comments on the report and the Bill, this is insufficient for stakeholders to provide meaningful and evidence-based comments.

The timeline needs to be cognizant of the fact that the draft bill and report are technically complex and might require analysis from the lens of law, economics, governance frameworks, and business operations. A longer timeline of at least three months would give the stakeholders ample time to submit comments.

Exclusion Of Mergers And Acquisitions

While the Parliamentary Standing Committee on Finance proposed obligating SSDEs to notify transactions to the CCI, mergers and acquisitions are excluded from the Bill’s ambit, considering the recent inclusion of the Deal Value Threshold criteria in the Competition Act, 2002. The new threshold mandates transactions with a value exceeding Rs 2,000 crore and a local nexus to India mandatory to be notified to the CCI.

Due to the limited ability of the traditional merger control regime which relied on assets and turnovers to cover new-age transactions in technology markets, the Deal Value Threshold was introduced by the Competition Amendment Act 2023. Therefore, the new criteria should address various concerns about transactions in technology markets.

Obligations For Big Companies

The Bill proposes an agile principle-based framework, considering the varying degrees of anti-competitive harms from different anti-competitive practices. The approach is similar to the UK’s approach in the Digital Markets, Competition and Consumers (DMCC) Bill. By suggesting that the specifics of ex-ante obligations be outlined through regulations for each Core Digital Service (CDS) and allowing the CCI to specify different conduct requirements for various business models within a CDS, the Committee has recommended a flexible and adaptable approach to regulation.

The consultative and participative nature of the regulation-making process that has been recommended could help curate dos and don’ts that fit the needs of specific sectors. However, implementing a principle-based, sector-specific framework is expected to augment the CCI's workload significantly. Therefore, as the Committee recommended, it becomes crucial to urgently bolster the CCI and the Digital Markets & Data Unit (DMDU) capacity.

Scope Of Core Digital Services

Enterprises that qualify the quantitative threshold criteria in certain Core Digital Services (CDS) will be subject to ex-ante regulation. In this light, it may be worth looking at the pre-determined list of CDS in Schedule I. Instead of limiting the scope of markets that may have observed structural competition law bottlenecks in India, the law has included a broader scope of services, including those 'susceptible to concentration'.

Moreover, the reason behind including certain services in the list, which is similar to those covered by the EU's DMA, is unclear. While some of the CDS mentioned in the proposed bill can be traced back to CCI's enforcement history and market studies, various services mentioned therein have seen little to no evidence from the Commission of structural competition concerns in the Indian landscape.

Exemptions

The law and the report allow the CCI to exempt SSDEs from certain obligations on grounds such as economic viability, protection of existing intellectual property rights, and other factors as may be prescribed. However, the lack of clarity within the bill regarding the precise scope and methodology of different parameters, like the economic viability of an enterprise, raises uncertainty about its implementation and the potential for subjective interpretation. Additionally, within these exemptions, the Bill currently lacks provisions for objective justifications.

This oversight may lead to a narrow perspective that overlooks the potential efficiency of certain business practices and their impact on consumers Therefore, it would be advantageous for the Bill to allow for such justifications, akin to the approach adopted by the DMCC Bill. Under the DMCC Bill, entities can seek 'countervailing benefits exemptions' for conduct that generate net consumer benefits but would otherwise breach conduct requirements. To qualify, an entity must demonstrate that such actions benefit users or potential users of the digital activity, or that the resultant benefits outweigh the actual or potential negative impact on competition arising from the breach of conduct requirements.

Efforts should urgently be made to enhance the capacity of both the CCI and the Digital Markets & Data Unit for effective regulation of technology markets. Additionally, services should only be included in the CDS list if there is quantitative evidence of competition bottlenecks within those sectors. Lastly, there is a need for clearer delineation of the scope and nature of exemptions, with a particular focus on extending exemptions to encompass consumer benefits. https://www.moneycontrol.com/news/opinion/digital-competition-bill-a-mixed-bag-12479351.html

11. First LCA Mark-1A Likely to be Delivered to Indian Air Force By March End *(swarajyamag.com)* Mar 19, 2024

In a significant development for India's defence capabilities, Hindustan Aeronautics Limited (HAL) is gearing up to deliver the first Light Combat Aircraft (LCA) Mark-1A to the Indian Air Force (IAF) by the end of this month.

The state-owned Defence PSU is also working on the expedited delivery of the first twin-seater trainer version of the aircraft, news agency ANI reported citing defence sources.

The HAL is reportedly working towards delivery the fighter jets to the IAF by 31 March.

The delivery of the LCA MK1A aircraft would be a big fillip for the indigenous fighter aircraft project where an advanced aircraft would be provided to the IAF.

The IAF has already signed a contract with HAL, worth over Rs 48,000 crore, for the supply of 83 LCA planes.

Additionally, there is clearance for the acquisition of another 97 aircraft at a cost of Rs 65,000 crore.

The Indian Air Force has already signed a contract worth over Rs 48,000 crore with the HAL for supplying 83 LCA planes while there is clearance for buying 97 more of them at Rs 65,000 crore.

The HAL has already conduced ground trials, including slow taxi runs, paving the way for the aircraft's induction.

The LCA Mark 1 variants were initially introduced into the IAF in 2016, with the 45 Squadron and 18 Squadron being the first to operate these indigenous jets.

The clearance for the additional 97 LCA aircraft has been hailed as a "landmark event" by IAF Chief Air Chief Marshal VR Chaudhari.

"We already had 40 LCAs of the original IOC and FOC version. So with this, in the long run, the strength of the Indian Air Force will grow to 220 LCA mark 1As, which will equip almost ten squadrons of the Air Force," he said after the deal got cleared by the defence acquisition council.

The decision to procure more LCAs comes at a critical time as the IAF seeks to modernize its fleet and replace aging MiG-series aircraft.

The inclusion of the LCA, known for its agility and advanced capabilities, is seen as a strategic move to maintain the IAF's competitive edge in the region. https://swarajyamag.com/news-brief/first-lca-mark-1a-likely-to-be-delivered-to-indian-air-force-by-march-end

12. States' capex up more than a third, revenues strong *(financialexpress.com)* March 19, 2024

Besides Central government's capex support, overall buoyancy in revenues has supported consolidation and sustained a large increase in capital spending after the Covid 19 period.

Expenditure by state governments on asset creation may have risen more than a third on year in the first ten months of the current financial year, compared with a 7% rise in the year-ago period. A review of the finances of 18 large states by FE showed that their capex in April-January this fiscal was up a solid 37% on year.

This augurs well for overall public capex and the economy as a whole. It shows states have only only quickly reversed the slump in capital expenditure witnessed in FY21, but also have consolidated the trend.

The development also bears out the notion that the withdrawal of GST compensation hasn't dented the states' revenues or spending power much. Release of interest-free loans and quick tax transfers by the Centre also helped.

While tax revenues of states remained reasonably strong, many of them also have raised the borrowing levels to augment capex.

The 18 major states – Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Bihar, West Bengal, Andhra Pradesh, Haryana, Karnataka, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Assam, Uttarakhand, Telangana, Chattisgarh and Jharkhand- reported capital investment worth Rs 4.3 trillion n April-January 2024 against Rs 3.1 trillion in the year-ago period. In April-January this year, the Centre provided around Rs 65,745 crore in long-term loans to these states for asset creation.

During April-January, Uttar Pradesh (UP) was the biggest investor with Rs 78,180 crore compared with Rs 54,608 crore in the year-ago period. UP was followed by Madya Pradesh with Rs 41,867 crore (Rs 29,888 crore in the year-ago period) and Maharashtra with Rs 36,047 crore (Rs 28,106 crore.

Besides Central government's capex support, overall buoyancy in revenues has supported consolidation and sustained a large increase in capital spending after the Covid 19 period. Capex by all states in aggregate were Rs 6.82 trillion in FY23 compared with 5.75 trillion in FY22, Rs 4.57 trillion in FY21 and Rs 4.6 trillion in FY20.

The 18 states under review reported a 13% growth in their tax revenues in April-January 2024 at Rs 20.7 trillion, upon the 22% growth recorded in the corresponding period of the previous year. The borrowings of these states rose 39% on year to Rs 6 trillion in April-January of FY24 as against a 12% decline in the year-ago period.

Even as capex surged, the states' revenue spending was contained with about a 6% annual increase in April-January of FY24 compared with 12% in the year-ago period.

Till March 14, the Centre's 50-year interest-free loans to states stood at Rs 1.09 trillion or 104% of the FY24 revised estimate thanks to last last-minute rush by some states to benefit from the scheme. To strengthen the hands of the states, the scheme for providing financial assistance to the states for capital expenditure was introduced in FY21.

Real GDP growth in Q3FY24 was a surprising 8.4% on year, which was largely driven by higher gross fixed capital formation at 10.6% on year due to the Centre, states and

CPSEs' thrust on capex. https://www.financialexpress.com/policy/economy-sates-capex-up-more-than-a-third-revenues-strong-3429280/

13. RGPV Financial Scam: What's Stopping High Level Committee to Begin Probe? *(freepressjournal.in)* March 18, 2024

Government is yet appointment an official of finance dept to the committee.

The high level committee constituted by the state government to investigate multi-level financial irregularities at Rajiv Gandhi Proudyogiki Vishwavidyalaya (RGPV) is waiting for the appointment of an official from the finance department to begin the probe. In all likelihood, the appointment will be made in two or three days. Recently, the technical education department had formed a five member high level committee to conduct a thorough probe into the financial and other irregularities committed at the university.

One of the members of the committee told the Free Press that so far, a person from the finance department has not been appointed to the committee and once the appointment is made, the committee will begin the investigation. The committee will look into varsity's financial transactions of the last five years.

The committee will dig deep into the tenure of former Vice Chancellor Professor Sunil Kumar which is allegedly laced with various kinds of financial anomalies. It is anticipated that financial irregularities could be several times more than the embezzlement of Rs 19.48 crores unearthed by the first probe committee.

The buzz is that financial irregularity may cross over Rs 100 crore. Meanwhile, the RGPV administration is still trying to ascertain the assets and bank deposits of the varsity. One of the senior officers of RGPV said that banks where varsity accounts exist have been approached for the details.

SIT parallel probe

A police Special Investigation Team (SIT) is conducting a parallel investigation into the financial irregularities and recording the statements of the varsity officials. https://www.freepressjournal.in/bhopal/rgpv-financial-scam-whats-stopping-high-level-committee-to-begin-probe

14. Think long-term to address water crisis *(deccanherald.com)* March 18, 2024

Schemes for rainwater harvesting, rejuvenation of lakes and recycling of water should get priority. These are remembered only in times of crises.

Bengaluru and many parts of Karnataka are facing a severe water shortage. The problem is particularly acute now, though it is only the beginning of summer. Last year's rainfall deficit in the Cauvery river basin has made the situation so critical. About 60% of Bengaluru's water needs are met by the Cauvery and the remaining 40% by borewells and private tankers. With the failure of rains and overdrawal of water, ground water levels have gone down and many borewells are running dry. The Bengaluru Water Supply and Sewerage Board (BWSSB) has taken some steps, like banning the use of drinking water for washing vehicles, holding recreation events and gardening. The supply to heavy users like industries has been drastically cut and many residential apartment blocks have begun to ration water. The situation is bound to worsen unless the Cauvery catchment area and Bengaluru receive copious rains in the next few days. The government has also set up PVC water tanks in slums and taken over some water tankers which were fleecing consumers. It has also allowed the sale of treated water generated by apartments. But these measures are not enough to meet the city's water needs.

The government should consider appointing nodal officers in each ward to ensure that the limited water available is equitably distributed through tankers. There is a proposal that companies should revert to 'work from home town' to tide over the crisis, as a large number of technology workers are from the mofussil towns. This is an option that can be considered.

However, all these are temporary measures, and the government should adopt and implement long term plans to ensure water security for the citizens. It should slow down the growth of Bengaluru—in future, there won't be enough water to cater to the city's needs. Cities need to be developed near water sources to lighten the burden on Bengaluru. Schemes for rainwater harvesting, rejuvenation of lakes and recycling of water should get priority. These are remembered only in times of crises. The government should not lose sight of the fact that the Supreme Court has put a cap of 4.75 tmc ft on Cauvery water for Bengaluru's use. The situation will only turn worse with climate change. The crisis is real in many districts, including Mysuru and Mandya. About 100 out of the 236 taluks in Karnataka are facing a drinking water crisis and the water level in most reservoirs, including the Krishnaraja Sagar and the Tungabhadra, have dipped to record levels. The distress calls and warnings from towns and villages need to be heeded. https://www.deccanherald.com/opinion/editorial/think-long-term-to-address-water-crisis-2940756