NEWS ITEMS ON CAG/ AUDIT REPORTS

1. People’s Commission Urges CAG to take Cognizance of Rail Board Bid to Privatise 4 Profit-Making Units *(newsclick.in)* 19 Feb 2024

The four units targeted for private, foreign players’ entry are Integral Coach Factory, Marathwada Rail Coach Factory, Bananas Locomotive Works and Dahod Railway Workshop.

New Delhi: The People's Commission on Public Sector and Public Services (PCPSPS) has lashed out at the Railway Board’s proposed move to “open the backdoor” for private and foreign players by privatising four profit-making production units and urged CAG to take cognizance of the matter.

The four units targeted so far are: Integral Coach Factory (ICF), Chennai, Tamil Nadu, Marathwada Rail Coach Factory (MRCF), Latur, Maharashtra, Bananas Locomotive Works (BLW), Varanasi, Uttar Pradesh and Dahod Railway Workshop (DRW), Dahod, Gujarat.

In a letter to G C Murmu, the Comptroller and Auditor General, dated February 17, it said: “We feel that this is a fit case for CAG taking advance cognizance of and conducting a comprehensive performance audit lest the entry of private companies should become a fait accompli imposing a huge cost on the Railways and its long-term public interest implications,”

The People’s Commission, which consists of includes eminent academics, jurists, erstwhile administrators, trade unionists and social activists, such as EAS Sarma, Prabhat Patnaik, Aditi Mehta, Thomas Isaac among others, flayed the Railway Board for “rushing into inducting Indian and foreign MNCs for manufacturing coaches/ locos”, adding that it “seems to fit into the larger pattern of the present government indiscriminately outsourcing strategic works to private companies at the cost of national interest, by weakening the CPSEs deliberately by failing to fill vacancies at all levels, forcing them to allow private companies to exploit their infrastructure assets through “asset monetisation” and not allowing them to compete with private bidders lest they should outbid the latter.’

Digging holes into Prime Minister Narendra Modi’s hollow claims of ‘Atmanirbhar Bharat” while opening public sector units for private players, the letter said: “In the specific case of Railways' production units referred to above, they represent a rich legacy of self-reliance built assiduously over several decades of sweat and toil put in by the highly talented, committed employees of the Railways. Any responsible government interested in promoting self-reliance would do everything to strengthen the capacity and capability of each of those units to step up their manufacturing activity to match the rapidly increasing demand for railway infrastructure and rolling stock. We feel that it is highly imprudent on the part of the Railway Board to systematically dismantle that legacy to allow private companies, especially MNCs, to profiteer using the valuable railway assets through substantial hidden subsidies and earn huge profits by charging inordinately high prices. “

https://www.newsclick.in/peoples-commission-urges-cag-take-cognizance-rail-board-bid-privatise-4-profit-making-units. https://www.newsclick.in/peoples-commission-urges-cag-take-cognizance-rail-board-bid-privatise-4-profit-making-units

STATES NEWS ITEMS

2. Liquidate inactive PSUs: CAG *(newindianexpress.com)* 20 Feb 2024

The Kerala Minerals and Metals Ltd (KMML) topped the list of profitable enterprises with a net profit of Rs 226.91 crore.

THIRUVANANTHAPURAMPSU: The Comptroller and Auditor General of India (CAG) has called for the liquidation of inactive public sector enterprises under the state government. The recommendation was made in the State Finances Audit Report 2021-22 tabled in the legislative assembly recently.

Of the 150 state PSUs, only 131 are active, according to the report. Among the active units, 55 were profit-making and 63 were running in loss. Together, the 55 enterprises earned a profit of Rs 654.99 crore. The total losses incurred by the rest of the enterprises was Rs 4,065.38 crore. Four units generated zero profit or loss and nine did not submit accounts.

The Kerala Minerals and Metals Ltd (KMML) topped the list of profitable enterprises with a net profit of Rs 226.91 crore. The Kerala State Beverages Corporation (Bevco) and the Kerala State Financial Enterprises came second and third with a net profit of Rs 113.13 crore and Rs 77.62 crore respectively.

The KMML accounted for 44.84% of the total profit generated by the 55 units and Bevco 22.36%. The Kerala State Electricity Board, Kerala State Road Transport Corporation and the Kerala State Civil Supplies Corporation were the units which incurred maximum losses.

Quoting a recent study by the CAG on five loss-making units, the report said the major cause of loss of PSUs was inefficient working capital management, investment in unviable projects, inefficiency in production, operation and labour, and under-utilisation of available capacity. https://www.newindianexpress.com/states/kerala/2024/Feb/20/liquidate-inactive-psus-cag

3. MNS Opposes PMPML's Plan to Buy CNG Buses in Pune *(punemirror.com)* 19 Feb 2024

PMPML is currently encountering opposition from MNS regarding its plan to purchase 400 CNG buses, each with a length of 12 meters. The situation is becoming more contentious as MNS claims that there could be financial losses amounting to Rs 350 crore linked to the procurement of these CNG buses.

PMPML has recently released a tender to acquire 400 CNG buses in order to expand its public transportation fleet. Nevertheless, this decision has faced opposition from

MNS, who have expressed their concerns and objections regarding the fuel choice and the financial consequences.

MNS has raised concerns over the acquisition of CNG buses, stating that it could lead to a significant financial loss of Rs 350 crore. The party believes that this expenditure can be avoided and questions the feasibility of such a large investment, urging PMPML to review its decision. Additionally, MNS has suggested that PMPML should consider electric buses as an alternative to CNG, emphasizing that this move would support environmental initiatives and promote sustainable public transportation in the city.

MNS has addressed their concerns by initiating a formal procedure, wherein they have lodged a complaint with Pune Municipal Corporation (PMC) Commissioner Vikram Kumar and the Comptroller and Auditor General of India (CAG). The complaint emphasizes the need for intervention from the authorities and a reevaluation of the decision to procure CNG buses, highlighting the purported financial strain and advocating for a greener alternative. https://punemirror.com/pune/others/mns-opposes-pmpml-s-plan-to-buy-cng-buses-in-pune/cid1708347627.htm

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. Probe ₹3,028 crore tax 'evasion': Delhi LG to CM *(hindustantimes.com)* Feb 20, 2024

Delhi lieutenant governor (LG) VK Saxena on Monday wrote to chief minister Arvind Kejriwal urging him to get "tax evasion to the tune of ₹3028 crore in Delhi" probed, officials aware of the matter said.

The LG's letter is based on a report of the Central Board of Indirect Taxes and Customs, released in January this year, which highlighted the issue of bogus registrations and fake invoices in the country, they added.

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"The report for the third quarter brings out shocking facts about the extent of tax evasion prevailing in Delhi. I am constrained to draw your attention to the fact that Delhi has achieved the inglorious distinction of recording the highest tax evasion in the country. In all, 483 bogus firms were detected, which accounted for ₹3,028 crore of tax evasion. It is indeed dubious that the Capital of the country tops the list of tax evasion amongst all states and UTs, with the one on the second place behind Delhi by as much as ₹827 crore. This is a serious matter in which the possibility of collusion of officials in the GST department cannot be ruled out," LG stated in the letter.

HT has not seen the report.

"I would advise you to direct the finance minister to hold a detailed inquiry in the matter and assess the root cause of such tax evasions. This not only reflects poorly on the state of tax governance in the national capital, but also results in a huge loss to the public exchequer. This resource could have been meaningfully utilised for investments in public interest," LG wrote in the letter.

"I trust that you will personally take interest in the matter and apprise me of the efforts being made to tighten the tax administration in the city," LG said.

Reacting to LG's letter, the Delhi government said that it vehemently condemned any instances of tax evasion and is unwaveringly committed to enforcing strict compliance with tax laws. The strictest possible action will be initiated against the violators at once, it added.

"Despite our efforts at proactive collaboration with IIT Hyderabad to develop software targeting tax evasion and improving revenue collection, we are dismayed by the fact that the proposal has been languishing among bureaucratic offices for almost a year. A full year has passed since the initiation of the proposal in February, yet it is only now, after 12 months, that it is slated to be presented before the cabinet. This delay has only happened because of the GNCTD Amendment Act." https://www.hindustantimes.com/cities/delhi-news/probe-3-028-crore-tax-evasion-delhi-lg-to-cm-101708366859132.html

5. Denying MSP legal guarantee threat to India's food security *(downtoearth.org.in)* 19 February 2024

The minimum support price (MSP) is an advisory price under the agricultural policies that is recommended by the Union government. The mechanism aims to safeguard the interest of farmers — by ensuring a minimum profit for their produce — as well as of consumers against corrupt manipulative market inflation and maintains food security in India.

MSP was introduced in 1966-67, when India was desperately in a food deficit. The government was keen to boost domestic food grain production through input-intensive 'Green Revolution technology', which included improved high-yielding varieties of wheat and rice with chemical fertilisers and pesticides, better irrigation systems, mechanisation, among other methods.

The adoption of these input-intensive technologies needed guaranteed financial support of MSP to the farmers. Thus, the food security of India is ensured by adoption of Green Revolution technologies supported by MSP since 1967 onwards. Now, weakening of MSP policy will prove to be a potential threat to food security for 1.4 billion Indians, with reduced agriculture production.

The implementation of MSP resulted in the adoption of input-intensive agricultural technology in the semi-arid zone states of Punjab and Haryana, which regularly recorded high productivity of over 5 tonnes per hectare for major cereal crops (wheat and rice) and total productivity of 10-12 tonnes per hectare annually, which is nearly double the national average and also one of the highest globally.

Similar remarkable progress was also achieved by Madhya Pradesh and Chhattisgarh during the last decade by effective adoption of MSP regimes. The MSP policy helped increase the production of wheat by 10 times and rice by four times in comparison to 1960.

The areas and production of oilseeds, pulses and coarse grain crops drastically reduced because these crops proved uneconomical to the farmers in the absence of an effective MSP regime.

Food security by self-reliance or import is a big concern for India. MSP regimes have not only ensured food security but also proved to be market intervention mechanisms to control the prices of farm produce. The Indian government has successfully implemented its programme to distribute free food grains to nearly a billion poor people (equivalent to about 12 per cent of the global population) since 2020 because of procurement of food grains at MSP prices, which otherwise was not possible in global free trade regimes.

Food security through self-reliance is the stability and pride of a nation, just like having strong defense services; food security by import may be a viable model for a nation with a small population and strong industrial and economic base like Qatar and Bahrain.

Australia and the United States can produce and supply wheat at very competitive prices required for the rest of the world in free trade regimes. However, then half of the world's population, including Indians who engage in agriculture activities, will become unemployed.

The biased policy of huge duty-free imports of cheap palm oils proved detrimental to the interests of oil seed farmers and industries in India. Thus, agriculture should not be the subject matter of the world-free trade regimes of multinational corporations and resourceful countries, because all cultures are born out of agriculture, which is the first social and business activity of all native societies needed for their survival and employment.

Absence of legal guarantee pathway for exploitation

The National Commission on Farmers, chaired by MS Swaminathan, submitted five reports during December 2004-October 2006 that focused on causes of farmer distress and the rise in farmer suicides and recommended addressing them through a holistic national policy for farmers and improved calculations of MSP that 'MSP should be at least 50 per cent more than the weighted average cost of production'.

The absence of MSP legal guarantee is a tool to exploit the farmers. MSP is determined by the Commission for Agricultural Costs and Prices (CACP) as a key government intervention to protect farmers and consumers from sharp fluctuations in farm prices. According to some estimates, MSP benefits less than seven per cent of farmers, and procures around 11 per cent of total agricultural output in the country, according to the NITI Aayog data for 2020.

In the absence of MSP legal guarantee, the major share of agricultural crops produced (over 90 per cent) are sold at 20-50 per cent lower prices than MSP, which caused average losses of Rs 20,000 per acre and about Rs 10 lakh crore annually to the farmers.

A study done by the Indian Council for Research on International Economic Relations and the Organization for Economic Cooperation and Development showed that Indian farmers have been harvesting losses continuously since 2000 due to biased government policies to keep farm prices artificially low, which has kept farmers in perpetual poverty.

The report further pointed out that Indian farmers lost Rs 14 lakh crore ($169 billion) in the year 2022 alone and Rs 45 lakh crore at 2017 prices during 2000-2017 due to low farm prices maintained through biased government policies. Thus, the government policy has exploited the farmers by not implementing the recommendations of the Swaminathan report (2006).

Further, in the absence of the MSP legal guarantee since 1967, the farmers are regularly exploited by the middlemen to sell farm produce at 20-50 per cent less than declared MSP prices. These biased government policy-based exploitations caused regular unrest and suicides among the farmers of India’s North West Plain Zone (most intensive agriculture zone globally, with food grains productivity of 10-12 tonnes per hectare annually).

MSP legal Guarantee not impossible

Instead of MSP only for public procurement, a more meticulous approach is needed because MSP fundamentally is a price guarantee mechanism to ensure the food security of India, which should be ensured both by the government and the markets. To make MSP as a legal guarantee, necessary amendments are needed in the Agricultural Produce & Livestock Market Committee (APMC) Act by incorporating a clause that ‘auction of farm produce in APMC’s markets is legally not permitted below the declared MSP prices’.

The apprehensions on the operation of MSP legal guarantee are:

1) Most of the sales of farm produce are not in APMCs

2) Traders may boycott the purchases of farm produce

3) The government does not have physical and economical resources to purchase, store, market the procured farm produce;

These are irrational arguments promoted by vested interests lobbyists of the administration and business communities. Currently, India has marginal surpluses in wheat and rice production against the domestic demand in a favorable climatic year but still highly deficient in production of oilseeds, pulses and other crops. The consumption demand of wheat was about 103 million tonnes and rice was 109 million tonnes in 2022 in the country.

Climate change is a critical factor impacting demand and supply of critical grains, particularly in monsoon rain-fed agriculture of India. The Indian government was compelled to ban wheat exports in May 2022 to manage the high domestic demand and fall in wheat production due to sudden rises in temperatures during February 2022.

In an effort to increase local supply in light of a decrease in the area planted with paddy during the Kharif season of 2023 due uncertainty of monsoon rains, the Centre also barred the export of broken rice and placed a 20 per cent export levy on all non-basmati rice, with the exception of parboiled rice.

Thus, the potential boycott of farm produce in MSP legal regimes by the traders is an irrational argument because the commodity's supply is tight against the demand for farm produce. This was also evident from the facts that the government could manage to procure only 26 million tonnes of wheat against the target of 44.4 million tonnes fixed for the 2023 season.

Further, according to official information, over Rs 2.26 crore was transferred to the farmers for the procurement of over 60 million tonnes of paddy (65 per cent of national marketable surplus) and 26 million tonnes of wheat.

India imported edible oil worth Rs 1.38 lakh crore and pulses worth Rs 20,000 crore in 2022–23. This means India is already spending over Rs 5 lakh crore on procurement and imports of farm produce. Therefore, the claims that the MSP legal guarantee will cause fiscal disasters for India are irrational arguments because the MSP values of the total production of the 23 crops worked out to be around Rs 17 lakh crore, according to government estimates, but only Rs 10 crore rupees, as estimated by SKM (Sanyukta Kisan Morcha). Further, only 70 per cent of the farm produce comes to markets as a marketable surplus, and the rest is consumed by farmer's families for household purposes.

Thus, the MSP legal guarantee will cost the government about Rs 8 lakh crore if traders totally boycott the APMC's markets, which is the rarest event in the near future. https://www.downtoearth.org.in/blog/agriculture/denying-msp-legal-guarantee-threat-to-india-s-food-security-94528

6. **Cap-and-swap for greener budgets** *(deccanherald.com)* 20 February 2024

India's 2024 Union Interim Budget highlights fiscal restraint alongside green energy and blue economy initiatives. A targeted fiscal deficit is below 5.1 per cent of GDP, with further reductions planned. However, to shrink the deficit, it limits subsidies for solar, wind, and biomass adoption and for coastal conservation. For example, the 'rooftop solarization and muft bijli' scheme is expected to save Rs 18,000 annually for one crore adopters, reducing approximately 23 MtCO2e in grid emissions. Notably, since the last budget, GHG emissions have increased by 8.2 per cent (320 MtCO2e), and the scheme saves no more than 7 per cent of these additional emissions. Despite the urgent need for greater initiatives, the budget's emphasis on fiscal restraint limits government expenditures. The budget's dual objectives of fiscal deficit reduction and mitigation incentives seem to be at odds.

A solution to this budget conundrum requires innovative approaches. A budgeting strategy employing carbon revenues is viable. The World Bank's 2023 'State and Trends of Carbon Pricing' reports that government revenues from carbon taxes and ETSs grew by over 10 per cent in 2022, reaching almost $95 billion globally. Direct carbon pricing, such as a carbon tax, is now seen as more than just a crucial mitigation policy; it is also regarded as a versatile tool for generating revenue. Especially in low- and middle-income countries, an emerging budget strategy is to use carbon pricing revenue to advance fiscal and decarbonisation goals. Aligning with this, substituting corporate tax on earnings with a carbon fee on emissions can eliminate resistance from industrial stakeholders. A carefully crafted green budget strategy can deliver a fiscal surplus while meeting decarbonisation objectives.

India's current corporate tax receipts have reached Rs 9.2 lakh crore ($110 billion). What carbon price would be revenue-neutral? The starting point is current emissions, which for the industrial and energy sectors are about 3 GtCO2e. Therefore, a carbon tax of $37/tCO2e is revenue neutral in the swap. But this carbon tax is too low for the required trajectory to reach net zero.

Network of Central Banks and Supervisors for Greening the Financial System (NGFS) modelling recommends carbon prices of $69 by 2030 and $276 by 2050 for a below-2 degree C average global temperature rise above pre-industrial levels. IPCC modelling indicates significantly higher carbon prices for 1.5-degree C-equivalent scenarios. For social optimality, economists argue that the carbon tax rate should be set equal to the global social cost of carbon (SCC), currently nearing $200/tCO2e (the ADB reportedly uses the SCC in its project finance). It is a management imperative to make provisions for such carbon price scenarios. Clearly, transition risks are high; using the SCC carbon price in India results in over five times the carbon tax liability compared to corporate tax.

Thankfully, our advanced corporate finance system offers a perfect solution: converting annual tax liabilities at the SCC carbon tax to deferred taxes for long-term debt (see 'Bridging business, policy for net-zero,' DH, Jan 25). Budget analysts can then determine an annual carbon fee as the annual interest due on the debt instrument. This enables an annual interest on the debt, instead of an annual carbon tax, to be swapped with the corporate tax, resolving the excessive burden while providing the best incentives for decarbonisation. We could call this strategy "cap-and-swap." From an industry stakeholder perspective, the swap replaces high transition risks with predictable fees. For the government, the swap can deliver a fiscal surplus and a socially optimal decarbonisation strategy. In every budget year, policymakers can rebalance corporate taxes and carbon fee interest rates, similar to adjustable-rate mortgages, to meet annual revenue objectives.

The basic infrastructure for swapping carbon fee revenue with corporate tax is established in India. Leading firms routinely update their decarbonisation ambition pathways and have them periodically validated by agencies like the Science-Based Target initiative (SBTi). Business Responsibility and Sustainability Reporting (BRSR) is already mandatory for the top 1,000 listed firms. Standardising both ambitions and disclosures for quantitative metrics across the entire industrial tax base is crucial, supported by expert agency guidance.

Tinbergen's Rule asserts the necessity of an independent policy instrument for each objective. Capand-swap highlights the ability to incorporate two instruments: the carbon fee's interest rate alongside the carbon tax rate (preferably at the SCC). This dual approach enables the budget to synergise both targeted carbon revenues and targeted decarbonisation incentives. By enabling government programmes with additional revenues, it not only grants cleaner industries a competitive edge but also motivates polluting industries to transition towards cleaner practices. In the context of the climate crisis, Union budgets must prioritise this strategy. https://www.deccanherald.com/opinion/cap-and-swap-for-greener-budgets-2901333

7. An MSP law is neither unthinkable nor a magic bullet *(livemint.com)* 20 Feb 2024

The cost of making it a legal guarantee isn't as large as made out to be, but it won't unshackle farmers either.
In the absence of universal and adequate social security, or a universal basic income, the minimum support price (MSP) is a proxy for protecting the farmer, the seller of crops, just as the employment “guarantee” scheme is a proxy for formal unemployment insurance to rural folk.

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Imagine if stock market investors agitate for regulation that imposes a minimum for stock prices. It is not as absurd as it sounds, and indeed many governments, even in rich market economies, have intervened to stop share prices from falling. If not a price floor, there is instead a ban on short selling, or intervention by state-owned agencies to prop up demand. This happened as recently as 2015, and later during the turmoil caused by the pandemic. Nobody calls this a “minimum price support" for stock prices, and it is justified for the sake of controlling volatility, or preventing a systemic crash that can spill over into a full-blown economic crisis. There have been minimum price support regimes for other sectors too, such as for telecom services to prevent a race to the bottom or predatory pricing.

The situation for minimum price support for crops is totally different, and has much stronger social, economic and political justification. In the absence of universal and adequate social security, or a universal basic income, the minimum support price (MSP) is a proxy for protecting the farmer, the seller of crops, just as the employment “guarantee" scheme is a proxy for formal unemployment insurance to rural folk. Since half of India’s population depends directly or indirectly on agriculture, and since much of India’s poverty is still confined to agriculture and in rural areas, this intervention is justifiably reasonable. Whether it has benefited farmers or made their income more secure is a matter for empirical research. As such, a reliable market mechanism to buy crop insurance does not yet exist. Forward markets and commodity derivatives are still nascent in India, and out of reach for most farmers.

The high-decibel debate on whether MSPs should be made into a legal guarantee and the fear mongering about fiscal bankruptcy has become a political hot potato, and is obfuscating the real issues.

First, even though MSPs apply to 23 crops, in practice it is applicable only to wheat and rice, and occasionally in smaller measure to pulses and soya. There is state-level support for sugarcane, and states like Maharashtra tried out monopoly procurement of cotton, but that is not relevant to the present discussion. Even the MSP regime as applied to wheat and rice works only in a few states and not for all farmers. Hence, a legal guarantee would spread it to all crops across India.

Second, by definition, the MSP is operative only when market prices fall below it. Hence, it is fair to say that roughly half the time, it is not even a binding constraint. The MSP law will impose a cost on the exchequer only when market prices fall below the floor.

Third, even though the law provides price support, it is often wrongly interpreted to mean quantity support. The government is not obliged to buy full quantities. It buys only the quantity offered, at the minimum assured prices. If prices move above MSPs, there is nothing to be done. Market dynamics ensure that whenever the government intervenes, prices will start moving up much before the full procurement quota is exhausted. Government procurement operates through mandis, outside the market mechanism. This is an option for the farmer, and used only when prices dip, or if the farmer fears getting cheated or bullied outside.

Fourth, the operative word here is 'option.' An MSP law will simply provide an option to the farmer. It is exercised only when needed. The true cost of providing this 'free' option to the farmer would be a very small fraction of the total value of Indian crop production.

Fifth, and most importantly, providing a legal guarantee is not supposed to be subjected to conventional cost-benefit analysis. It was not done for the country's guarantee of rural employment, nor for health insurance, or for other such social schemes.

The government procurement scheme and public distribution system (PDS), which is six decades old, tries to achieve three goals with one instrument. It is supposed to ensure food security through stocking in warehouses, price stability for consumers and adequate incomes for farmers. Since 2013, it has been almost wholly driven by the compulsion of the National Food Security Act (NFSA), which "guaranteed" almost two-thirds of India's population wheat, rice and coarse cereal at highly subsidized prices. Recently, NFSA prices were reduced to zero and the national free food scheme that covers 810 million people was extended for five years. Note that this has nothing to do with income security or protection of farmers, the original rationale of MSPs for crops. Besides, the PDS has always had an urban bias, often to the detriment of farmers, who need to earn windfall gains whenever crop prices zoom up.

The demand of a legal guarantee for MSP must be assessed not on fiscal cost alone. It has a signalling effect and will mean that the government is committed to extend the regime to all geographies and crops in a de facto sense, as it was meant to be.

How much recourse will be taken to such a legal guarantee can be assessed from empirical data. In almost 20 years of the National Rural Employment Guarantee Act, how often have people had to go to court to enforce their rights? But this assurance of jobs has proven to be a valuable safety net, especially in times of drought, famine and a pandemic. A legally-backed MSP is a good political signal, but it is not a magic bullet that will unshackle India's farmers from their many woes and unfreedoms. https://www.livemint.com/opinion/online-views/farm-anxiety-an-msp-law-is-neither-unthinkable-nor-a-magic-bullet-11708358106526.html

8. HAL, DRDO to begin Rs 60,000 crore Sukhoi fighter jet fleet upgrade *(business-standard.com)* Feb 20 2024

Hindustan Aeronautics Limited (HAL), with support from the Defence Research and Development Organisation (DRDO), will be involved in the Rs 60,000 crore worth upgrade of the Su-30MKI fighter jet fleet, according to a report by the Economic Times (ET). The project, approved by the defence ministry, aims to enhance the aircraft's capabilities with new radars, mission control systems, electronic warfare capabilities, and integration of new weapon systems.

HAL Chairman and Managing Director CB Ananthakrishnan confirmed with ET that there would be significant private sector involvement, positioning HAL as the lead integrator for the upgrade.

The project is divided into two phases, with the first focusing on installing new avionics and radars, while the second phase concentrates on flight control systems. Indigenous systems will replace several Russian-origin components, reflecting India's push towards self-reliance in defence manufacturing.

Key upgrades include the installation of a new indigenous radar system to enhance target detection and engagement capabilities, addressing previous concerns about radar performance. Additionally, the aircraft will be equipped with a new electronic warfare system to counter incoming threats and disrupt enemy communication. The integration of indigenous infrared search and track systems will significantly improve air-to-air and air-to-ground targeting capabilities.

The Air Force anticipates commencing work on integrating the new systems within this year. Approximately 90 fighters are slated for upgrade in the initial phase, which will be entirely conducted in India. India's initial order of 272 Su-30MKI jets from Russia forms the backbone of the Air Force's fighter fleet, with an additional order for 12 jets cleared last year.

HAL will manufacture these jets, incorporating over 50 per cent indigenous content. With over 600 Su-27/30 type aircraft manufactured globally, countries like Vietnam, Malaysia, Indonesia, and Algeria present a significant export market for these upgrades.
https://www.business-standard.com/india-news/hal-drdo-to-begin-rs-60-000-crore-sukhoi-fighter-jet-fleet-upgrade-124022000176_1.html

9. Unfinished after 20 yrs, Andhra’s Polavaram dam plagued by technical issues, funds crunch, politics *(theprint.in)* 20 Feb 2024

Since work on the project started in 2005, the project cost has swollen manifold. State govt officials hope that the upcoming general and assembly polls will help speed things up.

About half a dozen sophisticated vibro-compact machines are humming along the stretch of the Godavari River where the Polavaram dam will eventually come up, to strengthen the riverbed’s foundation, on a hot February afternoon.

Godavari's water has been diverted from this stretch by building two temporary cofferdams — one upstream and the other downstream — to enable construction. Cofferdams are temporary structures erected to divert the river water during the construction phase, after which they are dismantled.

Close to 150 workers — a minuscule of what a project of this magnitude requires — are moving around doing what in engineering lingo is called "ground improvement work" or basic foundational work. Had the pace of work been struck to its original timeline, the Rs 47,725 crore Polavaram multi-irrigation project would have been ready by 2018.

But the project, comprising an earth-cum-rock filled dam, two canals, and a 960 MW hydropower plant, has missed multiple deadlines since work first began in 2004-05.

Twenty years on and approximately Rs 21,000 crore later, the project is about half-way complete, senior officials of the Andhra Pradesh water resources department, which is getting the project implemented, told ThePrint. Though the financial progress of the construction work is 74 percent, the overall work — including land acquisition, and resettlement and rehabilitation — is just 49.57 percent complete.

And, construction on the main Polavaram dam, which will have a storage capacity of 194 TMC (thousand million cubic feet), has not even started. When ThePrint visited the dam site last week, only some basic foundation work was underway.

While the delays have pushed the project's new deadline to March 2026, engineers from the state's water resources department at the work site believe it could also miss that date. But they also hope that, ahead of the assembly and general election, due in April-May, the Centre may green-light the revised cost estimate of the project — hit by a severe cash crunch — proposed by the state.

Floods, damaged structures, fund crunch — what has marred, progress
Technological challenges, financial crunch, poor planning, the dilemma over finalising the design, politics and contractors getting thrown out midway have meant that the Polavaram irrigation project continues to hang fire, depriving the state's residents of its benefits.

The humongous delay since 2004-05 has resulted in some of the dam structures suffering major damages on account of floods in the Godavari in the intervening years. A senior engineer from the water resources department, who is working on the project, said that during the 2019 floods, half of the diaphragm wall — the core of the main dam built to restrict seepage from upstream to downstream — was washed away. It was built at a cost of Rs 442 crore.

Erecting a parallel diaphragm wall will cost approximately Rs 990 crore, a senior water resource department official told

ThePrint. "A decision on whether to construct a parallel diaphragm wall or carry out repair of the existing structure is yet to be taken by the Central Water Commission. We have proposed erecting a parallel diaphragm wall as repairing the existing one could result in safety issues. We hope a decision is taken soon," K. Narasimha Murthy, superintending engineer, Polavaram project, told ThePrint.

It's only after the diaphragm wall has been constructed that work on the main dam can start.

Besides the diaphragm wall, floods in 2023 have also resulted in water seeping through the two cofferdams and inundating the riverbed where the dam has to be constructed. Last year, engineers had to install heavy-duty pumps to drain out the water from the riverbed at the construction site.

With pumps proving to be too time-consuming and costly, engineers did some out-of-the-box thinking and excavated a temporary channel to drain out the water downstream through gravity. Engineers now hope to drain out the water from the expanse of the river bed, where the dam will come up, by next month.

"It's very critically poised in terms of execution. The earlier mis-planning has delayed the project's completion. Earlier, the project components were executed without any relevance to the SoPs of the major dams," Narayan Reddy, engineer-in-chief of Telangana's water resources department, told ThePrint.

According to Reddy, the project was previously executed haphazardly. The diaphragm wall was built in the main dam area without completing the cofferdam.

"Because of heavy flooding during 2023, water gushed from the unfinished portions of the cofferdam and scoured the river bed to a depth of almost 36 meters, damaging the diaphragm wall also," he said.

After the incumbent Yuvajana Sramika Rythu Congress Party (YSRCP) government came to power in 2019, the planning process for the entire project has been reassessed, Reddy said. "Now, the execution is on course and seepages that are occurring due to aging cofferdams are being addressed," he said.

The Andhra Pradesh Water Resources Department has sent the proposal to restore/construct the damaged diaphragm wall to the Central Water Commission and Polavaram Project Authority.

"They have to decide on what option to choose — whether to repair the existing dam wall or go for a parallel diaphragm wall. A decision needs to be taken soon. Because we can't build the dam till the diaphragm wall is ready," Reddy said.

In the 20 years that the project has been in the making, so far the right main canal is 92.75 percent complete, the left main canal 72.81 percent. The spillways and their 48 gates were completed in 2020. The two cofferdams are also ready now.

Land acquisition, and rehabilitation and resettlement — the two key components of the project — are just 22.36 percent complete, a senior state government official told ThePrint.

Once complete, the Polavaram project will benefit all 26 districts of the state and help irrigate 2.91 lakh acres of land, meet the drinking water needs of 28 lakh people, and also generate 960 MW of power from the hydropower plant that is coming up.

Fund crunch & politics

It's not just the haphazard execution that has led to delay. A paucity of funds has also hit the project hard.

While work on the project started in 2004-05, it was only during the bifurcation of the undivided Andhra Pradesh in 2014 into two states — Telangana and Andhra Pradesh — that it was declared a national project. This meant that the state government would execute the project on behalf of the Centre and would get reimbursed for every penny spent by the state to complete it.

But the Centre and the Andhra Pradesh government have, over the last several years, locked horns over the actual cost of the project. While the Centre capped the project cost at the 2013-14 price level, which comes to Rs 29,027 crore, the state wanted the project cost to be approved based on the 2017-18 price level, which is Rs 47,725 crore.

After a lot of back and forth and several meetings between Prime Minister Narendra Modi and Andhra Pradesh CM Y.S. Jagan Mohan Reddy, a breakthrough seems to have been achieved.

"We are in 2023-24, almost a decade … So 2013-14 rates are highly impractical," said Narayan Reddy to ThePrint. "On the request of our CM to the Prime Minister, broadly it is agreed that in the interest of the project, the more practical rates will be considered. The proposal is being considered. Shortly, the cabinet note will be finalised".

There is a caveat though. According to the revised proposal, the Polavaram project has now been split into two phases.

In the first phase, the Centre will reimburse the cost required to complete the dam with the storage level of the reservoir up to a height of 41.15 metres as against the full reservoir level of 45.72 metres.

"At 41.15 metres, we can impound 120 TMC of water, which can be immediately used for irrigation and drinking and other purposes. The idea is to get the project operational to an extent that some revenue can be generated. Meanwhile, the work can go on in the second phase, where the reservoir level will be completed up to 45.72 metres," Reddy said.

A storage level of 41.15 metres will require rehabilitation of 29,946 project displaced families (PDF) as against 93,000 PDFs if the storage level is 45.72 metres.

Engineers and officials involved with the project say that unless the central government takes quick decisions to sanction the state's revised project costs, it's highly unlikely that the project will be completed by 2026.

Politics over Polavaram

Polavaram project was first mooted in 1941 during the erstwhile Madras presidency. But because of technical difficulty in building the dam and the huge cost involved, it was put on the back burner. In 2004-05, the then CM of undivided Andhra Pradesh, Y.S. Rajasekhara Reddy took up the project — which was named Indira Sagar dam — under the Jalayagnam scheme.

Construction of the two canals was taken up first but work moved at a snail's pace. In 2014, when Chandrababu Naidu became the CM, the project got new momentum. It was also rechristened as Polavaram.

In 2017, the old contractor, Transstroy, who was awarded the project in 2013 by the then Congress government led by Kiran Kumar Reddy, was removed, and the project was given to Navayuga Engineering.

The diaphragm wall was built during Naidu's term, even though coffer dams were still incomplete.

In 2019, soon after Y.S. Jagan Mohan Reddy took charge as CM, he replaced Navayuga with Megha Engineering Limited.

When work began in 2005, the Polavaram project was estimated to cost Rs 10,151 crore according to the 2005-06 price level. The project has since missed multiple deadlines, with its cost increasing manifold.

Will the Polavaram project meet the March 2026 deadline? Engineers on the site are not making any guesses, but Reddy, the engineer-in-chief of the Andhra Pradesh water resources department, calls it "a million dollar question"

"It is linked with so many issues. Even my minister has said that we are at it and we want it to happen early but still there are so many issues, financial as well as design related," he said. https://theprint.in/india/governance/unfinished-after-20-yrs-andhras-polavaram-dam-plagued-by-technical-issues-funds-crunch-politics/1971332/#:~:text=Had%20the%20pace%20of%20work,first%20began%20in%202004%2D05.

10. Rs 13 crore spent on ration bags with PM Modi's image in just one state *(thenewsminute.com)* 19 Feb 2024

With Lok Sabha elections around the corner, the Union Government has accelerated efforts to promote 'brand Narendra Modi' and the latest one in the campaign is printing the Prime Minister's photograph on foodgrain sacks distributed through the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKY). But the question is, at what cost does this brand promotion happen?

In a Right to Information (RTI) request filed by activist Ajay Bose, seeking information regarding tenders floated by the Jaipur regional office of the Food Corporation of India (FCI), it was found that orders have been placed for synthetic bags with the PM's image, at a cost of Rs 13.29 crores. These bags will be used in Rajasthan, it is unclear how much has been spent for bags in other states.

As per the response from the FCI, orders have been placed for 1.07 crore bags, with each costing Rs 12.375 each. It also says that the contracts in Rajasthan have been handed over to companies such as Salasar Technotex Pvt Ltd, Rajasthan Flexible Packaging Ltd and Alliance Polysacks Pvt Ltd.

Under the PMGKY scheme, free food grain bags are to be distributed to over 80 crore beneficiaries of the Antyodaya Anna Yojana (AAY) and Priority Households (PHH). As per reports, more than 70 crore people received food grains between 2020 and 2022.

While Rajasthan is buying synthetic bags worth Rs 12.3 for each bag, Nagaland is buying for Rs 9.3 for each bag. The contract for Nagaland has been handed over to Rajasthan Flexible Packaging.

According to a report by The Hindu, an official in the Ministry of Consumer Affairs, was quoted to have said that, "During the free grain distribution under PMGKAY that started in 2020 when the pandemic began, unbranded 50 kg jute sacks were used to disburse grain. The branding of bags with faces of political figures has begun in 2024, ahead of the election". https://www.thenewsminute.com/news/newsrs-13-crore-spent-on-ration-bags-with-pm-modis-image-in-just-one-state

11. GenAI to boost Indian financial services, add USD 80 billion by 2030: Report *(newindianexpress.com)* 19 Feb 2024

Generative artificial intelligence (GenAI) is set to boost Indian financial services and is expected to potentially add USD 66-USD 80 billion to the GVA (Gross Value Added) by the year 2030, a new report said on Monday.

According to the latest EY India report, GenAI's impact on the GVA within the Financial Services sector is most significant, ranging from 22 per cent to 26 per cent.

In the report, a majority of survey participants highlighted focus on two key areas -- customer service and cost reduction.

About 61 per cent of respondents in the financial services sector believe that GenAI will have a huge impact on the entire value chain, making it more efficient and responsive to market dynamics.

"GenAI promises to revolutionise various facets of financial services, from customer acquisition to service and collections. Globally, financial institutions foresee a timeframe of 5 to 10 years to fully leverage the potential of Gen AI," said Pratik Shah, Partner and Financial Services Consulting Leader, EY India.

"In alignment with this, Indian financial services organisations are proactively forming specialised cross-functional teams and allocating dedicated funds for Gen AI deployments," he added.

When asked about executing their GenAI strategy, about 83 per cent said they expect partnering with external tech providers whereas 67 per cent expressed confidence in developing LLMs/in-house capabilities, according to the report.

https://www.newindianexpress.com/business/2024/Feb/19/genai-to-boost-indian-financial-services-add-usd-80-billion-by-2030-report

12. IBC resolves 891 cases involving Rs 10 lakh crore loan defaults till Dec '23 *(newindianexpress.com)* 20 Feb 2024

The Insolvency and Bankruptcy Code (IBC) has resolved 891 cases of defaults involving banks loans worth R10 lakh crore till December 2023. The resolution of these cases led to the recovery of R 3.2 lakh crore, or 32% of the total admitted claims by banks and financial institutions. During the same time 2,376 defaulting companies were ordered to be liquidated.

Under IBC, resolution means acquisition of an insolvent company by another as a going concern. In case when, the resolution process fails to find a buyer for the company it is liquidated where assets of the company are sold to recover money by the creditors.

While the recovery rate under IBC is poor when compared to the total admitted claims of the banks, experts have pointed out that the new insolvency regime has instilled fear among willful defaulters, resulting in thousands of cases being resolved even before reaching the NCLT. According to IBBI's (Insolvency and Bankruptcy Board of India) quarterly report, 27,500 applications for initiation of corporate insolvency resolution process against companies involving defaults of R9.74 lakh crore were withdrawn before admission.

As many as 79 corporate insolvency cases were resolved in the December quarter with creditors recovering 26% of the total admitted claims. The 79 cases that saw resolution during the quarter involved R16,517 crore of default, out of which the lenders could recover R4,300 crore. The total fair value of these companies was R5,735 crore, while the liquidation value of these companies was R3,330 crore.

The large cases that saw resolution during the quarter include Mittal Corp (involving R1,767 crore default) and AMW Autocomponent (R1,663 crore). Mittal Corp was acquired by Shyam Sel and Power Limited, which offered R350 crore to the creditors of the company.

79 cases in Q3

As many as 79 corporate insolvency cases were resolved in the December quarter with creditors recovering 26% of the total admitted claims, according to the quarterly report.
https://www.newindianexpress.com/business/2024/Feb/20/ibc-resolves-891-cases-involving-rs-10-lakh-crore-loan-defaults-till-dec-23

13. Power ministry directs states for swift adoption of renewable energy rules *(economictimes.indiatimes.com)* 19 Feb 2024

According to the official government notice dated February 12, entities with a contrac demand or sanctioned load of 100 kW or above are now eligible for Green Energy Ope Access, which facilitates the consumption of renewable energy.

New Delhi: In line with India's renewable energy ambitions, the ministry of power has issued a directive to all states and union territories to implement the amended electricity rules that promote green energy open access.

According to the official government notice dated February 12, entities with a contracted demand or sanctioned load of 100 kW or above are now eligible for Green Energy Open Access, which facilitates the consumption of renewable energy.

""It is requested to all States/UTs to take appropriate action for implementation of the electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 (as amended from time to time) notified by the Central government and align open access regulations, on aggregation basis, in accordance with the notified Rules, at the earliest," the notification reads.

"Provided that only consumers who have contracted demand or sanctioned load of Hundred kW or more, either through single connection or through multiple connections aggregating Hundred kW or more located in same electricity division of a distribution licensee, shall be eligible to take power through green energy open access and there shall be no limit of supply of power for the captive consumers taking power under green energy open access," it added.

The mandate, which aims to consolidate India's position in the renewable energy sector, expects states and UTs to align their open access regulations and report compliance within a span of 15 days, reflecting the urgency of India's green initiatives.

This regulatory shift is set to streamline the process of acquiring green energy, thereby supporting the nation's commitment to sustainable development and energy security. https://energy.economictimes.indiatimes.com/news/renewable/power-ministry-directs-states-for-swift-adoption-of-renewable-energy-rules/107835943

14. नौ वर्ष में 211 करोड़ खर्च, फिर भी बागबेड़ा की बस्तियों में नहीं पहुंचा पानी *(livehindustan.com)* 19 Feb 2024

झारखंड सरकार ने 2015 में 237 करोड़ की लागत सेबागबेड़ा वृहद जलापूर्ति योजना का शिलान्यास किया, लेकिन नौ वर्षबाद भी बागबेड़ा, कीताडीह, करनडीह और घाघीडीह की 17 पंचायतों मेंपानी नहीं पहुंच पाया। जबकि सरकार ने 2018 तक बस्तियों मेंजलापूर्ति का लक्ष्य दिया था। इससेपंचायत क्षेत्र की डेढ़ लाख सेज्यादा आबादी पानी की समस्या सेजूझ रही है।

हालांकि योजना को लेकर पंचायत क्षेत्र की बस्ती और टोलो मेंपांच टंकी बनानेके साथ पाइपलाइन बिछ गई है। इनमेंरेलवेजमीन पर आबाद 13 बस्तियां भी शामिल हैं। स्थिति यह हैकि बागबेड़ा के बड़ौदा घाट खरकाई नदी पर पाइप पार करानेके लिए पुल अबतक नहीं बन सका एवं गिद्दी झोपड़ी मेंफिल्टर प्लांट बनानेका काम जारी है। पिछलेसाल बारिश मेंपुल का एक पिलर नदी के तेज बहाव मेंबह गया था। इससे 22 की जगह 11 पिलर तैयार और छह अधूरेको बनानेका काम शुरू हुआ है। पूर्वजिला पार्षद किशोर यादव के अनुसार, बागबेड़ा वृहद जलापूर्ति योजना विभागीय लापरवाही का अनूठा उदाहरण है।

पुल और फिल्टर प्लांट बन रहा हैअभी

जलापूर्ति योजना के लिए पानी सोनारी के दोमुहानी नदी सेआना था। इससेबागबेड़ा बड़ौदा घाट मेंखरकाई नदी पर पुल बनाना था। इसका काम डेढ़ वर्षबाद फिर सेशुरू हुआ है। वहीं, गिद्दी झोपड़ी मेंफिल्टर प्लांट बनानेका काम जारी है। इससेपंचायत क्षेत्र के निवासियों व पंचायत प्रतिनिधियों को 2024 मेंबागबेड़ा बृहद ग्रामीण जलापूर्ति योजना का लाभ मिलनेकी उम्मीद नहीं है।

धरना, अनशन और जल सत्याग्रह भी हुआ

बागबेड़ा जलापूर्ति योजना का काम फिर सेशुरू करानेके लिए पंचायत प्रतिनिधियों के दर्जनों बार धरना, अनशन एवं नदी मेंजल सत्याग्रह किया। मंत्री व उपायुक्त को पत्र देकर लोगों की समस्या बताई। इसके बाद सरकार नेनई एजेंसी सेकाम करानेका आदेश पेयजल स्वच्छता विभाग को दिया। अधिकारियों ने बताया कि पाइपलाइन तैयार है। पुल और फिल्टर प्लांट बनतेही जलापूर्ति होगी। https://www.livehindustan.com/jharkhand/jamshedpur/story-211-crores-spent-in-nine-years-still-water-does-not-reach-baghbeda-settlements-9345695.html