NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Financial performance a concern for Indian Railways *(railjournal.com)* January 19, 2024

Along with the incremental introduction of the indigenously-developed 160km/h Vande Bharat EMU on the mainline network, Indian Railways (IR) has two major achievements to show for 2023. First is the completion of the long-awaited 1337km Eastern Dedicated Freight Corridor (EDFC) that connects Ludhiana in Punjab with Sonnagar in Bihar. The second is the buoyant growth in freight traffic seen last year, when IR carried 634.66 million tonnes between April and August, an increase of 1378 tonnes in the same period in 2022.

IR also achieved its highest-ever capital expenditure over these five months, investing Rs 1150bn ($US 13.95bn) in building new lines, track doubling, gauge conversion, the enhancement of passenger amenities and safety projects. Several key projects are now starting to come to life. Trial runs on a 50km section of the Mumbai - Ahmedabad high-speed line are scheduled to start this year and other work on this project is being fast-tracked, with tenders likely to be called during 2024 to supply the first batch of 18 Japanese series E5 Shinkansen trains at an estimated cost of Rs 70bn.

Elsewhere, the 17km priority section of the Regional Rapid Transit System (RRTS) in the National Capital Region was inaugurated on October 20 2023. The remainder of the 82.15km Delhi - Meerut RRTS costing Rs 302.7bn has been making rapid progress and is likely to be completed in June 2025.

Following the collision at Balasore on June 1 2023 that killed 294 passengers, IR has also moved to introduce new electronic signalling systems, with railways minister, Mr Ashwani Vaishnaw, announcing plans to deploy solid-state interlockings across IR's 68,103 route-km network within the next three years. The programme to roll out the Kavach anti-collision system, a homegrown version of ETCS Level 2, has been accelerated, with contracts awarded for the Delhi - Mumbai and Delhi - Kolkata corridors totalling 3000 route-km.

While IR has justifiably focused on meeting its asset modernisation needs, the company's declining financial health remains a worry. As pointed out in a report presented by the Comptroller and Auditor General (C&AG) in March 2023, the operating ratio - or proportion of revenue consumed by operating costs - was 107.39% in 2021-22 compared with 97.45% in 2020-21. For the first time in several decades, IR has started to spend more than it earns. During 2021-22, its revenue expenditure increased by 49.3% and the proportion of capital expenditure met from extra-budgetary resources increased by 37.35% due to inadequate generation of internal resources. In the report, the C&AG advised IR to regularly monitor expenditure and budget allocation in order to ensure that funds are properly directed towards their intended purpose.

In the nine years since the current BJP administration came to power, IR's capital expenditure budget has grown from Rs 539bn in 2013-14 to Rs 2.602 trillion in 2023-24. Gross budgetary support for IR capital expenditure has increased by a factor of eight since 2013-14. Despite this huge infusion of funding, IR's performance and efficiency does not appear to have been radically transformed for the better. The average speeds of both freight and passenger trains have remained much at the same levels over the last 10 years, while major accidents have continued to happen.

At the same time, ambitious plans to redevelop stations have been announced to great fanfare, but have made little progress. Initiatives to divest IR public-sector undertakings such as Railtel or the Container Corporation of India (Concor) have not come to fruition. Asset monetisation schemes, including plans to sell or lease surplus railway land, have not progressed, and policy reforms to set up an independent rail regulator or introduce a commercial accounting system have not moved forward.

Management reform stalls
The BJP administration has made several bold decisions since coming into office, such as the move to disband IR's eight existing services and merge them into a single cadre known as the Indian Railways Management Service (IRMS). With this measure, the government intended to do away with the prevailing culture of working in silos, but this change has also had the negative effect of gradually eliminating specialised personnel from the engineering function.

"As a result of this policy of pick and choose, complete chaos has come to prevail in the higher bureaucracy and decision-making has become slow."

An IR official
The higher echelons of IR management have also been in turmoil following the introduction of new procedures whereby candidates for promotion to the rank of Railway Board member are handpicked and interviewed in person by a panel of ex-IR officials. However, the majority of these panel members did not themselves reach the rank of general manager while at IR. "As a result of this policy of pick and choose, complete chaos has come to prevail in the higher bureaucracy and decision-making has become slow," an IR official says.

Indeed, senior managers do appear to have been labouring under a climate of indecision during 2023. Examples include the 2500 diesel locomotives in operating condition worth Rs500bn that are now sitting idle, as IR pursues its 100% electrification drive without having worked out a viable programme to phase out or sell its surplus diesel traction. At the same time, more and more Vande Bharat EMUs are flooding onto the network without adequate attention being paid to setting up the many specialised depots needed to maintain and service these new trains.

Apart from his responsibilities as railways minister, Vaishnaw holds two other cabinet portfolios and also shoulders other heavy political responsibilities as a member of the prime minister's core team. "At a time when big changes are happening, such a situation at the leadership level is not ideal," an official comments. https://www.railjournal.com/analysis/financial-performance-a-concern-for-indian-railways/

2. CAG Announces International Training Center in Rajkot *(vibesofindia.com)* 19 Jan 2024

The Comptroller and Auditor General of India (CAG) has set its sights on Rajkot, Gujarat, for a bold initiative – establishing an international training center for local administrations. This ambitious project aims to enhance the skillsets and knowledge of local government officials from India and abroad, leading to improved governance practices at the grassroots level.

Comptroller and Auditor General Girish Chandra Murmu recently visited Rajkot and announced the CAG's intention to study international models of auditing institutes for local self-governance. The plan is to leverage this knowledge to create a world-class training center in the city, potentially starting with an initial international class as early as April 2024.

The proposed center would serve as a platform for knowledge exchange and capacity building for local government officials. The curriculum could encompass key areas like financial management, resource mobilization, service delivery, accountability, and transparency. This multi-faceted approach would empower local administrations to tackle challenges more effectively and drive sustainable development in their communities.

The city boasts a robust local governance system, evident in its successful implementation of various urban development initiatives. Moreover, its central location within India and excellent connectivity make it an ideal destination for hosting training programs attended by participants from across the country and beyond.

While the initial plan envisages utilizing the existing Accountant General's office in Rajkot, the long-term vision involves constructing a dedicated facility to cater to the center's growing needs. To refine the final contours of the project, the CAG plans to organize an international meeting in February, bringing together experts from around the world to share their expertise.

The CAG's initiative to establish an international training center in Rajkot marks a significant step in strengthening local governance across India and beyond. By fostering knowledge exchange and collaboration, this project holds the potential to empower local administrations and create a more efficient and responsive public service landscape. With the CAG's commitment and strategic execution, Rajkot may soon become a global hub for local governance knowledge, shaping the future of public administration for generations to come. https://www.vibesofindia.com/cag-announces-international-training-center-in-rajkot/

3. Woes of Research Scholars in India *(epw.in)* 20 Jan 2024

Relevant knowledge production can only take place in the presence of certain material guarantees.

Two seemingly disparate incidents from certain higher educational institutions in India have come to light recently that reflect a rather sordid picture of the state of research scholars in India. A 29-year-old PhD student allegedly died by suicide at the Indian Institute of Technology (IIT) Kanpur. This is the third instance of a student suicide at IIT Kanpur in the last one month. What is even more alarming is that the PhD student took this tragic step just around 20 days after she enrolled at this institute.

In Maharashtra, hundreds of Scheduled Caste (SC) PhD students enrolled in a prominent Pune-based research institution have been protesting for over 100 days against the non-payment of their research fellowship since 2021. This research institution comes under the social justice and special assistance department of the state government. However, the state administration has cited a lack of funds for this particular institution and introduced an arbitrary rule in October 2023 which made only 200 out of 861 admitted PhD students eligible for availing the institutional research fellowship. The PhD students of the 2021 and 2022 batches are now protesting against the imposition of this intake limit introduced in 2023, arguing that such a rule cannot be applied retrospectively. In the absence of the timely payment of fellowships, it is feared that many PhD scholars enrolled in these institutes might have to drop out before completing their research degrees.

A union minister from Maharashtra even urged the state government to relax these arbitrary conditions and provide research fellowships to all PhD students studying at institutions maintained by the social justice and special assistance department. The Maharashtra government has established several institutes which grant PhD fellowships to students belonging to marginalised social groups. The union minister, in urging that all such marginalised students admitted by these dedicated institutes ought to receive the research fellowship, also highlighted that Maharashtra spends far fewer funds on research scholars as compared to other states in India.

In a financial audit conducted by the Comptroller and Auditor General (CAG) in 2022, it was revealed that Maharashtra spent a meagre 0.3% of its gross state domestic product on higher and technical education. The CAG also noted other concerning issues in this audit, highlighting that the expenditure on higher education showed a declining trend in Maharashtra, as well as pointing towards the problems of the high percentage of unfilled teaching posts in higher educational institutions and major delays in the disbursal of funds.

The case of the suicide of a PhD scholar in Kanpur and the case of PhD scholars protesting for their fellowships in Pune are only seemingly disparate. This is because both these kinds of incidents reveal the state of precarity, desperation, and anxiety that characterises the lives of so many research scholars based in Indian higher educational institutions. Put differently, the situations that cause many students to take the tragic step of dying by suicide or dropping out from their institutions are not inevitable or natural; it is a product of wilful decisions and policies.

We should not forget that there is a connection between the issues of dropouts and student suicides. The reasons that are often cited for these two issues are the rigorous and demanding nature of the coursework, the inability of the students to cope with the fear of less-than-satisfactory academic performance, familial–parental obligations and pressures, etc. However, there is a material aspect, more than the merely curricular one, that is often overlooked in analysing the state of higher education in India. This material aspect includes factors like adequate research fellowships and scholarships as well as a conducive, empathetic, and discrimination-free social environment in higher educational institutions. It is only when these two conditions are fulfilled that one can expect each student to feel that they too rightfully "belong" in a particular institution. Measures like psychological counselling and mental wellness workshops, as important as they are, might be said to combat only the negative, and perhaps also only the visible after-effects of the lack of these two factors in higher education.

What is more urgently required for higher educational institutions' administrations to positively consider, however, is the question of how to improve the quality of life of students. The merely ameliorative approach to student suicides and dropouts often does not consider that students need certain basic guarantees in place in order to produce meaningful research. It is a crucial question whether university administrations and policymakers are serious about working towards ensuring equal access to such basic guarantees as adequate fellowships/scholarships and a conducive social environment.

Research institutions and scholars ought to be seen in light of cultivating a nation's intellectual capabilities in a globalised world. Such a vision would entail building essential competencies among research scholars in India, which might not only equip them to compete and collaborate with scholars from different regions and nations but, more importantly, contribute to the knowledge pool of humanity at large. If such a broad and humanistic vision dictates our education policies, then it becomes imperative to start a conversation around ensuring equal access to certain basic material guarantees to all research scholars in India. https://www.epw.in/journal/2024/3/editorials/woes-research-scholars-india.html

4. Budget 2024 Expectations: From capex target to fiscal deficit, CareEdge predicts these changes for India's economy *(livemint.com)* 20 Jan 2024

Finance Minister Nirmala Sitharaman will unveil the Interim Budget for the financial year 2024-2025 (FY25) on February 1, 2024, which is likely to keep the focus on fiscal consolidation and nominal economic growth projection, according to credit ratings and analytics firm CareEdge.

Since 2024 is an election year, with Lok Sabha Elections expected in April-May, the finance minister will present an Interim Budget or a Vote on Account in February, rather than a comprehensive annual budget. After the formation of the new government, the new full Budget is expected in July this year.

Sitharaman's declaration that it will be a vote of account suggests that no significant policy announcements are likely expected in this interim budget. With the announcement of the election dates around mid-March, the model code of conduct (MCC) is expected to come into effect barring the government from announcing any policy decisions.

As a a Vote on Account is merely an interim authorisation to spend money, as opposed to a full Budget that includes details of expenditures and receipts, including tax changes and government policies, this time significant tax and policy changes are unlikely.

The upcoming pre-election interim budget occurs at a juncture when the overall economic landscape appears stable, which is underpinned by the easing of financial conditions, and robust macroeconomic data, according to CareEdge.

‘’The current budgeting exercise is also confronted by economic headwinds such as the deceleration in the global economy, pressures in the agriculture sector, and strains on the rural economy," said the credit ratings agency.

CareEdge expects the government to continue its focus on capital expenditure (capex) and fiscal consolidation in FY25. The analytics firm also predicts a slight fiscal deficit slippage this year on lower nominal growth.

Here are the five key highlights of Interim Budget 2024 expectations as predicted by CareEdge for next month. Take a look:

1.Capex target likely to rise for FY25
CareEdge expects the government to stick to its capex target of ₹10 lakh crore in FY24 and raise it further by around 10 per cent to ₹11 lakh crore in FY25. The capex to total expenditure ratio is expected to inch up marginally to around 23 per cent in FY25, according to the firm. The government has been focussing on public infrastructure to drive capex growth.

2.Focus on fiscal consolidation to continue
Adhering to its glide path to attain a fiscal deficit of 4.5 per cent by FY26, the projected fiscal deficit for FY25 is set at 5.3 per cent of the gross domestic product (GDP). CareEdge anticipates a nominal GDP growth of 10.7 per cent in FY25, coupled with a tax buoyancy of 1.2.

‘’In FY25, the total expenditure is expected to rise by six per cent, primarily fuelled by a 10 per cent increase in capital expenditure, complemented by a more modest five per cent growth in revenue expenditure," said the credit rating agency.

3.Low nominal growth may result in fiscal deficit slippage
The projection for nominal GDP growth indicates a slowdown from the budgeted 10.5 per cent YoY of the previous year to 8.9 per cent, as per the first advanced estimate. This deceleration is primarily attributed to deflation in the whole price index.

‘’Consequently, a slight slippage of 10 basis points, when viewed as a proportion of nominal GDP, is anticipated. This adjustment prompts a revision in our FY24 fiscal deficit projection to six per cent of GDP," said CareEdge.

4.Gross tax collection to exceed budgeted amount
According to data from the Comptroller and Auditor General (CAG) for the April-November period, direct tax collections have surged at a rate of 24.8 per cent YoY, significantly outpacing the full-year budgeted growth of 10.5 per cent.

In contrast, the gross indirect tax collections recorded a more modest growth of 5.1 per cent YoY during the same period, falling short of the full-year budgeted growth of 10.5 per cent. However, driven by the strong performance of the direct taxes, CareEdge expects the gross tax collection to rise by 11.9 per cent, higher than the budgeted growth of 10.4 per cent, exceeding the budgeted amount by about ₹45,000 crore.

''While indirect taxes are anticipated to fall short by approximately ₹49,000 crore in FY24 from the budgeted amount, the direct tax collections are expected to surpass the budgeted value approximately by a significant ₹94,000 crore, reflecting the strong performance of direct tax components," said CareEdge.

5.Revenue expenditure to exceed budgeted value
While the government is expected to meet its capital expenditure target of ₹10 lakh crore, CareEdge projects some slippages in the revenue expenditure to the tune of about ₹73,400 crore. Last month, the government approved the first supplementary demand for grants, amounting to Rs. 1.29 lakh crore.

Taking into consideration the savings from another scheme worth ₹70,900 crore, the net additional outlay would be ₹58,400 crore. The additional funds were directed toward food subsidies, fuel subsidies, fertilizer subsidies, and Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

''Given that the actual expenditure on the MNREGA has already surpassed the budgeted allocation, and with persistent high subsidy spending, particularly on fertilizers, we anticipate an additional requirement of funds for expenditure," said the credit ratings agency. https://www.livemint.com/economy/budget-2024-expectations-from-capex-target-to-fiscal-deficit-careedge-predicts-these-changes-for-indias-economy-11705687435087.html

5. हेल्थ एंड एजुकेशन सेस की धनराशि के दुरुपयोग पर केंद्र को नोटिस, हाईकोर्ट ने इतने दिन में मांगा जवाब *(news4nation.com)* 19 Jan 2024

PATNA: पटना हाईकोर्ट ने वर्ष 2008 से हेल्थ एंड एजुकेशन सेस के तहत एकत्रित धनराशि के उपयोग न होने एवं उसके कुप्रबंधन के मामले पर केंद्र सरकार से चार सप्ताह में जवाब देने का निर्देश दिया है।चीफ जस्टिस के वी चन्द्रन की खंडपीठ ने अधिवक्ता शमा सिन्हा की जनहित याचिका पर सुनवाई की।

याचिकाकर्ता अधिवक्ता शमा सिन्हा ने हाई कोर्ट के समक्ष लोकहित याचिका दायर कर हेल्थ एंड एजुकेशन सेस के तहत एक दशक से अधिक की अवधि में एकत्र राशि के उपयोग न होने ऐवं उसके कुप्रबंधन पर लोकहित याचिका दायर की है ।

याचिकाकर्ता का कथन है कि पिछले कुछ वर्षों में पर्याप्त संग्रह के बावजूद, इन निधियों को उनके इच्छित उद्देश्यों के लिए उपयोग करने में गंभीर कमियाँ रही हैं क्योंकि करदाताओं से एकत्र उपकर का उपयोग नहीं किया गया है।

स्वास्थ्य एवं शैक्षिक योजनाओं के लिए इन निधियों का उपयोग किया जाना चाहिए । याचिकाकर्ता ने कोर्ट से संचित निधि का उचित उपयोग, वैधानिक दायित्वों के अनुसार एक पारदर्शी तंत्र स्थापित

करने एवं सीएजी की सिफारिशों का पालन करने के संबंध में आदेश पारित करने की गुहार की है। इस मामले की अगली सुनवाई चार सप्ताह बाद होगी। https://news4nation.com/news/notice-to-center-on-misuse-of-health-and-education-funds-high-court-seeks-reply-within-days-765412

STATES NEWS ITEMS

6. Submerged Sikkim dam was doomed from start *(eastmojo.com)*

January 20, 2024

A shoddy consortium, hefty debts and a design that proved to be catastrophic: over 36 years since the Teesta III dam was first proposed, it has come to only spell disaster for the state of Sikkim.

In the Northeast (whose hydropower potential was estimated to be about 40% of the total hydropower potential identified in the country), Sikkim ranked second after Arunachal Pradesh in terms of "exploitable potential". The trajectories of the state's two main rivers Teesta and Rangeet that form at higher altitudes and flow in a general southern direction make them ideal for hydropower generation.

After three delays, an earthquake and a slew of financial troubles, the Teesta-III was finally operational in 2017. Six years later, however, disaster struck and the dam was completely submerged, leaving behind debris and an insurmountable debt for the small state.

Through reports of the Comptroller and Auditor General of India and documents of the Sikkim government, which EastMojo accessed, here's a timeline of everything that went wrong with Teesta III.

And it started years ago.

Commissioning of Teesta III

In 2005, a writ petition was filed in the Sikkim High Court over the agreement signed between the State of Sikkim and Teesta Urja Ltd (now Sikkim Urja Limited), the special purpose vehicle, for setting up Teesta Stage III. The petitioners, one of which was the former Sikkim Chief Minister Nar Bahadur Bhandari, laid out the "undisputed factual matrix."

The 1200 MW Teesta Stage III Hydropower was first conceptualised in the Central Water Commission's Project Report in 1987. Initially, the National Hydro Power Corporation, a public sector hydropower company run by the Government of India, was roped in to execute the project with the Government of Sikkim.

After the GoI's liberalisation move in 1991, the Sikkim government withdrew its original proposal with the NHPC and instead invited private parties to bid on the project.

But 6 years passed and the project failed to get attractive bids that would benefit the state. By 2003, the new Electricity Act was passed, which “facilitated [the] development of Hydropower projects liberally”.

The Sikkim state cabinet then led by Pawan Kumar Chamling decided to fast-track efforts to tap the hydropower potential in the state. A High Powered Hydro Power Committee was constituted, which recommended 13 projects, including the Teesta Stage-III.

On 22 February 2005, the Sikkim state cabinet approved the development of the Teesta III Hydropower Plant. The project was awarded to a consortium led by Athena Project Pvt Ltd on a ‘Build, Own, Operate, and Transfer’ (BOOT) basis under a joint sector with the state government.

A company under question

The Delhi-based Athena Projects Private Limited (APPL), formerly known as Athena Advisors Private Limited, was incorporated on 5 August 2004, a little over six months before it was brought on for executing the project.

The High Power Committee constituted by the state government had helped prepare a draft of the state hydropower policy that had been approved in October 2004.

“Out of the five offers received, only one offer received from the consortium led by Athena Projects Private Limited, India (Athena India) fulfilled all the conditions of the State hydro power policy,” the 2015-2016 Comptroller Auditor General’s report stated.

The proposal of the Athena India-led consortium had focused on “the technical experience of four consortium members in the field and also regarding financial and project management capabilities of the consortium members.”

APPL became the leader of a consortium that included several other entities including Andhra Pradesh Power Generation Corporation Limited (APGENCO), Larsen & Toubro (L&T), Power Trading Corporation (PTC), ICICI securities, IL&FS, Karvy and Halcrow & Colenco.

A document of the Sikkim government accessed by East Mojo disclosed: “The Letter of Intent (LOI) was issued to M/S Athena Project Pvt Limited (APPL) on 26.02.2005 without State Cabinet or GoS [Government of Sikkim’s] approval.” As per the document, APPL “had zero net worth, zero experience, finance and expertise in the execution of the project of such magnitude”.

“There was no valid consortium agreement and GoS didn’t even asked [sic] for the same before allotting the project to a newly name changed company i.e. APPL [sic],” the document notes, adding that APPL changed its name from Athena Advisors Private Limited, just 54 days before the Sikkim government issued it a Letter of Intent.

Also, while APPL didn’t have any experience in implementing the project, “three out of these four consortium members (excepting Power Trading Corporation of India Limited) having technical experience in the field had exited from the consortium without the prior permission of the State Government [as set in the Deed of Agreement with TUL]," according to the 2015-2016 Comptroller Auditor General's report.

In March 2005, the special purpose vehicle formed by Athena India to implement the project, the Teesta Urja Limited (TUL) was incorporated.

An earlier report by EastMojo highlighted the many discrepancies including the letter of intent (LOI) issued to the APPL was the state's hydropower policy and how the state government was denied 26% equity at the time of the formation of the TUL.

According to the Deed of Agreement signed between the state government and TUL, TUL would operate the project for 35 years, after which it would be transferred back to the government. "During the period of 35 years, State Government would receive a royalty in the shape of free power at 12 percent of the net generation from the project for the first 15 years of operation and 15 percent of free power during 16th to 35th year of operations," the CAG report noted about the conditions set in the DoA.

Additionally, "Athena India consortium and the State Government were to contribute towards project funding (including escalations in the project cost) in the form of equity contribution in TUL's capital in the ratio of 74 per cent (Athena India consortium) and 26 per cent (State Government) respectively."

IPPs or Independent Power Producers are responsible for developing hydropower projects that have a capacity of more than 25 MW.

"Failure of the State Government to have pre-bidding conditions to verify the financial capability and experience of the consortium leader and also to ensure adherence to the agreement conditions by the private consortium had forced the State Government to take over (August 2015) the project through equity infusion in the capital of Teesta Urja Limited (TUL) besides causing time overrun of more than four years in completion of the project," the 2015-2016 Comptroller Auditor General's report states.

In 2007, the "works of the project" (Engineers Procurement and Construction contract) were awarded to Abir Infrastructure Pvt. Ltd. (ABIR) & consortium. The EastMojo report also highlights how ABIR and TUL had the same shareholders and how in 2010 the Singapore-based Asian Genco Private Limited had come to acquire a majority stake in TUL in violation of the state government's Deed of Agreement with TUL.

In 2012, the Sikkim government moved the High Court over being denied 26% equity. Following this, board members of TUL approved the transfer of Rs 30 crore in the 26% stake. A shareholding agreement was signed between the shareholders of TUL and the Sikkim government.

The CAG report 2015-2016 states: "It was observed that the equity subscription agreement was actually executed (March 2008) by the TUL after a delay of more than 2 years. In the meantime, the financial closure for the project was also achieved by TUL in September 2007. It was, however, observed in [an] audit that the State Government had contributed towards its share (26 per cent) in TUL's equity capital only during April-December 2012." As a result, there was no representative of the state government on the Board of Directors of TUL till 2011, which “had adversely impacted the monitoring of the project related activities”.

Of disaster and delays

The Teesta III project was expected to be completed and commissioned by 2011-2012 at an estimated cost of Rs 5,700 crore.

In 2006, TUL got the required Techno Economic Clearance (TEC) from Central Electricity Authority (CEA). Construction of the project started in January 2008.

Then in September 2011, disaster struck – an earthquake of 6.9 magnitude near the border between Nepal and Sikkim. It claimed the lives of over 100 people, made entire buildings collapse and destroyed villages.

Work on the Teesta III dam was halted.

“Due to an earthquake (18 September 2011) and collapse of Rangchang Khola bridge (December 2011), the TUL was granted extension of commercial operation date (COD) from September 2012 to December 2013,” the CAG report states.

Further, the report states that “due to controllable and uncontrollable reasons” the project was delayed leading to three cost overruns.

The revised cost after the first overrun was Rs 2,881 crore over the initial total project cost bringing it to Rs 8541 crore. According to the document accessed by EastMojo: “The reason…as specified in white paper are no access to “no access to project component, design changes, geological surprises in underground works, floods and landslides, impact of Gorkhaland movement, escalation of prices of major items, increase in rate of interest, levies and taxes, massive earthquake in September 2011 that led to stoppage of works, collapse of bridge enroute to project site in December 2011, stoppage of work due to flash flood in Sept 2012”.

The second time the cost overrun occurred was in June 2015.

The reason: “contractor claim including arbitration award, increase in BOQ (Bill of Quantities), change in design of diversion tunnel outfall, change in design and specification of RIM protection works, increase in taxes due to change in law, increase in IDC (interest during construction) due to shifting of project schedule etc.,” the document states.

The second cost overrun was an additional Rs 2801 crore bringing the total project cost to Rs 11,382 crore.

“Athena India consortium also failed in meeting their committed financial obligations towards funding of the project for second cost overrun in violation of the agreed terms of DoA,” the CAG report states.

Work stopped once more from June 2014 till September 2015 due to fund constraints.

In 2015, the Share Purchase Agreement between TUL and GoS was executed "to enhance the GoS [through Sikkim Power Investment Corporation Limited] holding from 26% to 51%", the document states.

The third cost overrun in 2015 saw the project cost increase by Rs 2,583 – a 245% rise from the initial estimated cost.

Cost component	Original cost (in Rs cr)	Revised cost after 1st overrun	Revised cost after 2nd overrun	Revised cost after 3rd overrun
Hard Cost (except financing costs)	4,941	5,841	7,150	7,849
Soft Cost (all financing costs)	759	2,740	4,232	6,116
Total	5,700	8,581	11,382	13,965

Source: 2015-2016 CAG report

Mounting losses and debt

The most recent CAG's State Finances Audit Report for 2020-2021 had noted that the accumulated losses of State Public Sector Enterprises (SPSEs) in the last three years prior to 2021 had "shown an increasing trend".

Losses were recorded at ₹ 2,753. 39 crore as on 31 March 2021. "More than 98 per cent (₹ 2,709.24 crore) of the accumulated losses of SPSEs (₹ 2,753.39 crore) during 2020-21 were contributed by Teesta Urja Limited (₹ 1,498.26 crore) and Sikkim Power Investment Corporation Limited (₹ 1,210.98 crore)," the report noted.

According to a document of the Sikkim government accessed by EastMojo, till June 2019, key officials of TUL were being paid hefty salaries. For instance, the then Managing Director, Shiv Kumar Aggarwal, was earning a salary of over Rs 2 crore per annum. In 2019, the salaries of six TUL officials were restructured leading to a net saving of Rs 3.5 crore.

According to the document, the Sikkim government had borrowed Rs 2,898.97 from the Power Finance Corporation (PFC) towards the equity infusion in TUL (which by 2017 stood at 60.08%).

SI No.	Loan No.	Sanctioned amount (in Rs cr)	Outstanding as on 31/3/2023
1	49339A01 (Teesta – III HEP) Debt – A	2619.24	2898.97
2	49339A02 (Teesta – III HEP) Debt – B		
	Teesta – III PFC Loan	2619.24	2898.97
3	49339C01 (Rangit – IV HEP)	81.23	0
4	49303001 (Chuzachen HEP) PFC	72.55	0
	PFC Loan (A)	2,773.02	2898.97
5	State Bank of Sikkim	184.28	338.49
6	Power Department	1.85	24.99
7	Land Revenue Dept	2	0
	Other Loan (B)	**188.13**	**363.48**
	Total Loan (A+B)	**2961.15**	**3262.45**

Source: Sikkim government

The Government of Sikkim is also fully guaranteed for payment of TUL's loan amounting to Rs 6,800 crore.

Design of dam

Teesta Urja Limited changed the dam's original design that would endanger "the safety of the dam" without seeking prior approvals, a team from the Central Electricity Authority (CEA) had found back in 2008.

These observations were noted in the minutes of a meeting of the Expert Appraisal Committee for River Valley and Hydroelectric Projects from 2009: "The Committee observed that a major matter of concern is adoption of a Concrete Face Rockfill Dam (CFRD) with Diversion Tunnels (DT) modified to function as spillway. The altered arrangement of adopting the DTs which can discharge only 3000 cumec is definitely an unsafe proposition for this major 1200 MW power project."

The spillway in a dam is used to control the amount of floodwater that can be released by a dam.

It further stated, "The Committee further observed that a rock fill dam with inadequate spillway capacity faces the risk of overtopping, which leads to Dam Break: a catastrophic proposition as five major schemes as five major schemes Teesta IV, V, VI and two low dams are planned/ constructed on the river downstream." https://www.eastmojo.com/sikkim/2024/01/20/eastmojo-investigation-submerged-sikkim-dam-was-doomed-from-start/

7. Is Centre alone responsible for Kerala’s fiscal woes? Could Balagopal have done more? *(onmanorama.com)* Jan 22, 2024

Thiruvananthapuram The Kerala Cabinet, led by Chief Minister Pinarayi Vijayan, will assemble at Jantar Mantar in New Delhi on February 8 and shout slogans against the Centre's moves that the LDF believes is crippling both the state's finances and federalism.

Even while conceding that the Centre is incrementally depriving Kerala of its entitlements, there is a question that begs to be answered. Is the Kerala government doing its part?

The latest indicators put out by the Comptroller and Auditor General reveal two things about Kerala's fiscal management. One, resource mobilisation, a substantial chunk of which is in the hands of the Kerala government, is relatively poor. And two, Kerala is not behaving like it has been severely restricted by a lack of funds.

Sliding revenue

November 2023 is the month up to which the CAG has released provisional figures. It shows that after eight months of the 2023-24 fiscal, Kerala has mobilised 54.24% of its estimated revenue for the fiscal. Last November, Kerala had collected over 60% of its estimated revenue.

Except for GST collections, which by the end of November at 56.30% of the estimate was better than 2022-23 November's 54.21%, mobilisation under all other revenue heads had dropped compared to the 2022-23 fiscal. There is fall in stamps and registration fees, land revenue and even the money from liquor.

Last fiscal, revenue from land had crossed 100% of the budget estimate by November itself. This time, the collection by November has touched only 83.35%.

Is GST growth good enough?

Nonetheless, the growth in GST collection when compared to last fiscal is encouraging. Last time, finance minister K N Balagopal had hoped to collect Rs 42,636.83 crore from GST alone but ended up mobilising just 81% of his expectation, Rs 34,678.67 crore.

This fiscal, the Finance Department hopes that it could achieve at least 95% of its target. This would still not be enough to shore up Kerala's deficit. Last fiscal, if Balagopal was able to collect nearly 100% (98.95%) of his revenue estimate, a record, it was only because his other major sources of revenue like stamps and registration, land revenue and even non-tax revenue (lottery, forest, interest receipts and dividends) brought to the state's coffers considerably more than what was estimated -- collection under stamps and registration, land and non-tax revenues were 30% more than what was expected.

Modi is no more generous

This fiscal, such a feat looks unlikely as collection under all these heads trail far behind last fiscal. More crucially, two other revenue heads -- Kerala's share of union taxes and grant-in-aid from Centre -- that did well last fiscal are set to throw up poor numbers this time.

Last fiscal, contrary to Balagopal's repeated cribs, the state's share of Union taxes was 10% more than what Balagopal expected; the finance minister estimated Rs 11,902 crore as Kerala's share of Union taxes but ended up pocketing Rs 13,065 crore. In fact, in the 2021-22 fiscal, Kerala got 50% more than what was expected from the Centre by way of its share from taxes.

This fiscal, both tax share and grants-in-aid (grants for state and central schemes, Finance Commission grants and other transfers from Centre) is expected to fall precipitously.

In short, on the one hand there is stagnancy, even a dip, in state revenues. And on the other hand, Kerala's expenditure continues its upswing. Together, these could have an adverse impact on Kerala's fiscal deficit.

Positive spending

Nonetheless, this expenditure growth has a positive bias. What is showing a marked growth is not the money spend on non-asset generating revenue expenditure like salaries, pensions and interest payments but on development, mostly infrastructure. Borrowings have also increased this fiscal. Since the revenue expenditure is kept at last fiscal’s level, it is evident that the borrowed money is being utilised to finance development. What’s more, this increase in development expenditure does not include the Rs 15,000 crore-plus investments the KIIFB makes annually. Together, these spends could trigger huge multiplier effects in terms of growth and jobs.

Supplyco crisis

However, the CAG figures hide a worrying tendency. In its desperation to somehow keep the deficit low, Balagopal has found a martyr -- subsidies. It is the expenditure on subsidies that has shown a dramatic fall compared to last fiscal. If during November 2022-23, nearly 60% of the money allocated for subsidy had been spent, less than 45% had been spent by this November. The main items of subsidies include grant to Kerala State Civil Supplies Corporation Limited for market intervention operations, and paddy procurement through Kerala State Civil Supplies Corporation and other agencies.

No wonder, Supplyco racks are near empty and paddy farmers are a perennially worried lot. https://www.onmanorama.com/news/kerala/2024/01/22/analysis-on-kerala-financial-crisis-is-centre-alone-responsible-or-could-state-govt-have-done-more.html

8. HC forms panels to probe Bengal fake job card scam *(dailypioneer.com)* 20 January 2024

In further embarrassment for the Trinamool Congress Government, the Calcutta High Court has constituted two separate committees to inquire into the fake job card and related MNREGA scam.

The functioning of the three-member committee comprising a representative each from the Centre, State and Comptroller and Auditor General would be monitored by the Court, the Judges said. While passing the order Chief Justice TS Sivagnanam said “in the fake job card scam case, one representative each from the state as well as the Centre, along with a representative of the comptroller and auditor general, will conduct the probe.”

A four-member committee on the other hand would inquire into the alleged discrimination in the distribution of the job cards. The panel will have the representatives of the central and state governments, the CAG and the accountant general of India’s office.

According to sources the Court took into consideration more than 300 letters written by farm labourers who had failed to get 100-days’ jobs. Subsequently a PIL was filed by the Paschim Banga Kshet Majoor Samiti, an independent outfit of labourers which alleged that there was gross discrimination in terms of issuing job cards to the supporters of Opposition parties.

While the actual needy persons were not given job cards those belonging to the ruling party or those who were the relatives of the political class from the ruling party secured jobs, the laborers’ forum alleged.

Earlier investigations conducted by central teams in 4-5 districts had revealed that there were more than 25 lakh fake job cards issued under the MNREHA scheme.

Union Minister Giriraj Singh last October went on record saying that “issuing of 25 lakh fake job cards under the MGNREGA by the Mamata Banerjee-led West Bengal government is a scam,” adding the Centre was considering a CBI investigation in that regard.

Subsequently though these names were deleted, the TMC put up a counter argument alleging how there were about 1 crore fake job cards discovered in the BJP-ruled Uttar Pradesh. https://www.dailypioneer.com/2024/india/hc-forms-panels-to-probe-bengal-fake-job-card-scam.html

9. Govt seeks info on MCG’s colony takeover for audit *(timesofindia.indiatimes.com)* Jan 20, 2024

Gurgaon: Almost two years after the department of town and country planning (DTCP) ordered handover of nine licensed colonies to MCG, the principal accountant general (audit) of Haryana government has sought details for an investigation.

The queries, sent to the senior town planner (STP), mainly include the status of DPRs for deficient infrastructure amounting to Rs 92 crore in the colony takeover and what action was taken if the builders of seven colonies didn’t seek completion certificates.

In May 2022, on the directions of the chief minister, orders for takeover of nine licensed colonies were issued by DTCP — Mayfield Garden, Greenwood City, Malibu Towne, Uppal Southend, Vipul World, Sushant Lok 2 and 3, Ardee City and Rosewood City.

In a letter to the STP sent recently, the principal accountant general has sought replies on whether nonsaleable, such as roads, open spaces, public parks, community service areas and public health services have been transferred to MCG. He also sought details of such areas in all nine colonies, along with ownership and thirdparty rights.

"Out of nine colonies, completion certificates have been issued to two colonies — Rosewood City in December 2017 and Greenwood City in April 2019. The reasons for nonissuance of completion certificates to the rest of seven colonies may be furnished for audit. Further, it may be clarified whether any action was taken against these developers on account of non-completion of services," the letter read.

"DTCP is studying the letter and a reply will be sent to the principal accountant general's office," a senior official from the department said. https://timesofindia.indiatimes.com/city/gurgaon/investigation-into-mcgs-colony-takeover-by-government/articleshow/107002085.cms

10. Stray cattle amid low visibility: A double whammy *(timesofindia.indiatimes.com)* Jan 22, 2024

Ludhiana: At a time when dense fog has derailed normal life in Ludhiana, stray cattle roaming on roads have added to the commuters' troubles.

Low visibility, clubbed with stray animals, has become a dangerous trap for those driving during morning and evening hours. Though the civic body has sufficient collection of cow cess in its kitty, no solution has been chalked out to address the issue.

As per the June 2017 notification issued by principal secretary, local bodies department, cow cess was enacted on selected items under the Punjab Prohibition of Cow Slaughter Act.

Even the CAG in its annual audit had been raising the issue of non-utilisation of cow cess by the civic body. In its report for 2021-22, CAG noticed that the Ludhiana MC had transferred Rs 2.9 crore to various gaushalas against Rs 16.6 crore received as cow cess. It observed that retention of huge amount of cow cess (Rs 22 crore up to March 2022) in account of MC was against the spirit of the act.

Even now, the civic body has Rs 21.89 crore in its account as cow cess. Earlier, MC was planning to build its own cow shed, but it failed to materialise. The MC, with the support of other gaushalas, is presently removing the stray animals from roads and paying the cattle pound managements for their maintenance.

Asked to comment on the issue, municipal commissioner Sandeep Rishi said, "We are getting three new sheds constructed and three more are allowed, which also will be built shortly. We have plans to get the cattle transported from roads to the cattle pounds. We will pay for the fodder and maintenance of the cattle to the managements." On MC's own cow shed, he said it was not feasible to build.

Stray animals are most visible around GT Road, Jalandhar Bypass, Haibowal, Hambran Road, Chandigarh Road, Bus Stand road, Daresi and even in residential areas like Model Town and BRS Nagar. The roads and bridges along the Buddha Nullah have also become a common ground for these cattle, who can be seen on flyovers too. https://timesofindia.indiatimes.com/city/ludhiana/stray-cattle-amid-low-visibility-a-double-whammy/articleshow/107040425.cms

11. L-G never ordered stopping of funds to DCPCR, HC told *(millenniumpost.in)* 20 Jan 2024

New Delhi: Delhi's Lieutenant Governor Friday told the high court that he has not passed any order to withhold allocation of funds to the Delhi Commission for Protection of Child Rights (DCPCR) pending an inquiry and a special audit over allegations of misuse of government funds.

The submission was made by the counsel representing the L-G before Justice Subramonium Prasad who was hearing a petition by the DCPCR challenging an order to withhold funds to it pending an inquiry and a special audit over allegations of misuse of government funds.

The L-G's counsel further said the 'so-called' press release annexed with the petition was never issued by the L-G.

"On instructions I am stating that no order was ever passed by the L-G stopping the funding. This so called press release is never issued by the L-G. This is quite serious," he submitted.

Justice Prasad asked the counsel for the L-G to file an affidavit in this regard within four days and listed the matter for further hearing on January 25.

The high court observed that certain portions of the press note give a "political colour".

The judge had earlier also remarked, "I would have said 'audit, go ahead'. (But page) 154 takes a political colour. That's where my problem begins... The usual foundation and motive problem (is there)."

The portion in question noted DCPCR's former chairperson Anurag Kundu and six members were politically affiliated to the Aam Aadmi Party (AAP).

The counsel for the LG had said action was taken on the recommendation of other state authorities.

Last year, Lieutenant Governor Saxena approved a Women and Child Development (WCD) Department's proposal to institute an inquiry and ordered a special audit over alleged misuse of government funds by DCPCR.

It was stated that V K Saxena had also directed that no further request for allocation of funds by DCPCR will be entertained before the completion of the inquiry and special audit.

Senior advocate Gopal Sankaranarayanan, representing the DCPCR, had told the high court that allocation of funds to the child rights body has come to a grinding halt.

The DCPCR has said in its petition that such a setback paralyses a statutorily protected and independent institution, putting at risk emergency response systems for children facing violence, child labour, and begging.

The plea said any attempt to withhold or reduce the funds to DCPCR is a violation of its autonomy and threat to its survival.

It also said the statutory mechanism, which provides for audit by the CAG, has been sought to be diluted and there was an attempt to weaken this mechanism through a "frontal assault".

"(The LG's action) subjects petitioner no.1 and its members, to extraneous inquiry and 'special audit', which is not within the scheme of the Commission of the Protection of Child Rights Act, 2005. The said Act contemplates audit by Comptroller and Auditor General (CAG)," the plea said. https://www.millenniumpost.in/delhi/l-g-never-ordered-stopping-of-funds-to-dcpcr-hc-told-548910?infinitescroll=1

12. BRS out of the way, Adani now sets eye on Telangana *(telanganatoday.com)* 20 JANUARY 2024

Even as his business conglomerate established its presence in most other South Indian States, Telangana had remained a dream for Adani, who in fact had to face rejection of his business offer by the previous BRS government in the State

Hyderabad: Gautam Adani must be a happy man now. Even as his business conglomerate established its presence in most other South Indian States, Telangana had remained a dream for Adani, who in fact had to face rejection of his business offer by the previous Bharat Rashtra Samithi government in the State.

So far, Adani's known presence in Telangana has been the Adani Defence and Aerospace Park in Hyderabad, which became possible primarily since Adani was one of the largest certified partners for DRDO and after being awarded seven prestigious missile programmes, selected Hyderabad as the production centre for these missiles.

Other than these, Adani's presence here has been mostly indirect. One was by Adani Green Energy acquiring a 100 percent stake in two special purpose vehicles holding solar projects in Medak of Sterling & Wilson, a Shapoorji Pallonji group company, which have power purchase agreements with the TS Southern Power Distribution Company Ltd.

Another was by an Adani Road Transport-led consortium winning the contract for four-laning of NH-365A from Suryapet to Khammam from the National Highway Authority of India (NHAI) under the Centre's Bharatmala Pariyojana on hybrid annuity mode. Interestingly, a report by the Comptroller and Auditor General in August 2023 had found irregularities in the awarding of this project to the consortium – Suryapet Khammam Road Private Ltd – pointing out that it did not fulfill the requisite condition of having experience in construction work in the highway sector.

Earlier, in 2017, former Chief Minister K Chandrashekhar Rao had rejected Adani's request to enter the power sector as a private player with an eye on the Singareni Collieries. Rao had rejected the business offer said he was not interested in giving thermal-coal based power generation to private people and would rather keep it with TSGENCO.

That, well, is history.

2024 began with Adani Ports and SEZ managing director Karan Adani meeting present Chief Minister A Revanth Reddy, barely a week before he completed one month in office. They discussed investments, with the Adani Group evincing interest in setting up a data centre and an aerospace park as well in the State.

The meeting raised many eyebrows since it came immediately after a fiery election campaign and meetings which saw Revanth Reddy echoing his party's line against Adani and demanding a JPC probe into Adani's deal after the Hindenburg Research expose. The sudden love for Adani did not end there, with Revanth Reddy meeting Gautam Adani himself at the WEF summit at Davos and signing deals for over Rs.12,000 crore, all this even when Rahul Gandhi continued to be the harshest critic of Adani.

The deals with Revanth Reddy's government come as a major breakthrough for the Gujarat-based Adani Group, which has been on a deal-signing spree in Southern States of late, and is now entering Telangana via Andhra Pradesh and Tamil Nadu after major deals with these States.

While construction of two data centres in Visakhapatnam, with a total investment of nearly Rs.22,000 crore, is already on, the Adani Group had recently announced it would invest over Rs.42,700 crore in Tamil Nadu through its various group companies after signing MoUs at the Tamil Nadu Global Investors Meet 2024.

Adani's firms already have an established presence in the cement sector in multiple Southern States, apart from in the port sector, with the firm constructing the Rs.7,700 crore international sea port in Kerala's Thiruvananthapuram, where it has already taken over operation of the Thiruvananthapuram International Airport.

With Revanth Reddy wholeheartedly welcoming the group into Telangana and promising support, Adani will now be able to expand his foothold in the only southern State where he had negligible presence. https://telanganatoday.com/brs-out-of-the-way-adani-now-sets-eye-on-telangana

13. राजस्थान में बिजली कंपनियों के जिम्मेदारों ने मुफ्त में उड़ाई सब्सिडी, कर्ज के बोझ तले दबी कंपनियां *(amarujala.com)* 19 Jan 2024

राज्यपाल अभिभाषण में बिजली कंपनियों के घाटे पर सबसे ज्यादा जोर दिया गया। राज्यपाल मिश्र ने कहा कि बिजली कंपनियों में संस्थागत भ्रष्टाचार हुआ, जिससे डिस्कॉम्स का घाटा 88 हजार करोड़ के पार पहुंच गया। लेकिन इसके पीछे की असल वजह जानना भी बहुत जरूरी है, जिसका सिर्फ जिक्र भर अभिभाषण में हुआ है।

संस्थागत भ्रष्टाचार की कड़ी ऐसे जुड़ी

राज्यपाल अभिभाषण में जिस संस्थागत भ्रष्टाचार का जिक्र भर हुआ है, जानिए यह संस्थागत कैसे हुआ। संस्थागत भ्रष्टाचार के इस कारोबार में तीन महकमे सीधे तौर पर जुड़े हैं। पहला बिजली

कंपनी (जो बिजली, कोयले की खरीद करती है), दूसरा वित्त मार्गोपाय विभाग (जो बजट आवंटित करता है और बिजली कंपनियों की सब्सिडी पास करता है) तीसरा स्टेट पावर फाइनेंस कॉरपोरेशन जहां से सरकार अपनी संस्थाओं को लोन दिलाती है। पिछली सरकार में वित्त विभाग ने अपनी कई पीएसयूज के फिक्स्ड डिपॉजिट तुड़वाकर पॉवर फाइनेंस कॉरपोरेशन को लोन के रूप में दिलावा दिए। पॉवर फाइनेंस कॉरपोरशन से बिजली कंपनियों को लोन दिलावा दिया। अब बिजली कंपनियां पैसा चुकाने की स्थिति में नहीं हैं तो इन सरकारी कंपनियों का पैसा कैसे वापस होगा, यह बड़ा सवाल है?

उदाहरण से समझिए-एक अफसर तीन चार्ज

एक ही अफसर इन तीनों संस्थओं से जुड़ा हुआ है। वित्त मार्गोपाय में बिजली कंपनियों की सब्सिडी का काम देखने के लिए अजमेर डिस्कॉम के AO को रिवर्स डेप्यूटेशन पर सरकार में तैनाती दे दी गई। बिजली कंपनियों को लोन देने के प्रस्ताव जिस पॉवर फाइनेंस कॉरपोरेशन से तैयार होते हैं, वहां भी इसे चार्ज दे दिया गया। इसके लिए सरकार के तमाम नियम कायदे खूंटे पर टांग दिए गए। सरकार के अफसरों पर कॉरपोरेशन की निगरानी का जिम्मा होता है। लेकिन यहां कॉरपोरेशन के अफसर को सरकार में उन्हीं की कंपनियों की निगरानी का काम दे दिया गया।

जिन बिजली कंपनियों को घाटे से उबारने के लिए पूर्ववर्ती वसुंधरा सरकार ने उदय योजना में इनका 62 हजार करोड़ का घाटा टेकओवर किया लिया था। वहीं, बिजली कंपनियां एक बार फिर घाटे के पहाड़ पर बैठ गई हैं। मौजूदा समय में बिजली कंपनियों का घाटा करीब 88 हजार करोड़ रुपये पार हो चुका है। यह आंकड़ा राज्य सरकार की ओर से राज्यपाल अभिभाषण में दिया गया है। अकेले राज्य सरकार की गारंटी पर ही बिजली कंपनियों ने बाजार से करीब 85 हजार करोड़ रुपये का लोन उठा लिया है। यह आंकड़ा सीएजी की रिपोर्ट में मौजूद है।

क्यूं पहुंचे इस स्थिति में

उदय योजना के बाद बिजली कंपनियों को घाटे से बचाने के लिए बजट में अतिरिक्त सब्सिडी का प्रावधान किया गया। लेकिन इसके बाद भी बिजली कंपनियों ने बाजार से जमकर कर्ज लिया और उसकी गारंटर बनी सरकार। इसके पीछे की वजह यह है कि जो सब्सिडी राज्य सरकार की ओर से बिजली कंपनियों को दी जानी थी, वह मुफ्त की योजनाओं में उड़ा दी गई और बिजली कंपनियों को बाजार से इसके एवज में और कर्ज दिलवा दिया गया। मौजूदा वित्त वर्ष में बिजली कंपनियों को जो सब्सिडी अलॉट की गई, उसकी आधी भी नहीं मिल पाई। इसके एवज में उन्हें बाजार से कर्ज दिला दिया गया।

घाटे से बचाने के लिए बजट में 25 हजार करोड़ का प्रावधान

यह हालत तब हैं, जब बजट में बिजली कंपनियों के लिए सालाना 25 हजार करोड़ रुपये का प्रावधान किया गया।

इसमें से बिजली की दरें नहीं बढ़ाने के लिए 23 हजार करोड़ रुपये, इक्विटी अंशदान के लिए 1,460 करोड़ रुपये, उत्पादन निगम को 233 करोड़, प्रसारण निगम को 240, विद्युत वितरण निगमों के

लिए 986 करोड़ रुपये व कृषि उपभोक्ताओं को राहत के लिए 109 करोड़ रुपये का प्रावधान किया गया।

यही नहीं इन बिजली कंपनियों को पावर फाइनेंस कॉरपोरेशन के माध्यम से आईसी, रीको, हाऊसिंग बोर्ड और बैंकों से भी सात हजार करोड़ रुपये का लोन दिलवा दिया।

इसके अलावा पिछली गहलोत सरकार चुनावी साल में घरेलू उपभोक्ताओं और किसानों के लिए फ्री बिजली का जो एलान करके गई थी, उसकी एवज में भी बिजली कंपनियों को 10 हजार करोड़ रुपये अतिरिक्त देने की स्वीकृति दी गई थी।

घाटे की असली वजह- बिजली कंपनियों का बजट दूसरी जगह खर्च

मौजूदा बजट में बिजली कंपनियों के लिए 25 हजार करोड़ रुपये के अलावा 10 हजार करोड़ रुपये अतिरिक्त मंजूर किए गए। लेकिन यह पैसा बिजली कंपनियों के पास पहुंचा ही नहीं। वित्त वर्ष खत्म होने को है और बिजली कंपनियों को सब्सिडी के पेटे आधी राशि भी नहीं मिली। इसकी वजह यह है कि बिजली कंपनियों को जो पैसा सरकार से जाना था, वह फ्री की योजनाओं में डायवर्ट कर दिया गया और बिजली कंपनियों को पॉवर फाइनेंस कॉरपोरेशन के जरिए और कर्ज से लाद दिया गया।

जिस अफसर ने सब्सिडी पर कैंची चलाई, उसे रवाना कर दिया

बिजली कंपनियों की सब्सिडी का काम देखने वाले पूर्व अफसर ने पांच साल में सब्सिडी के पेटे करीब 12 हजार करोड़ की कटौती की तो उन्हें विभाग से रवाना कर दिया गया। हालांकि, वह पोस्ट रिटायरमेंट काम कर रहे थे। लेकिन उन्हें रवाना करने का असली कारण यही था। उनके पास इस सीट पर बिजली कंपनियों के एओ को रिवर्स डेप्यूटेशन पर सरकार में उन्हीं की सब्सिडी के काम पर लगा दिया।

प्रस्ताव बनाने वाले और पास करने वाले अफसर एक ही

बिजली कंपनियों को मिलने वाले लोन और सब्सिडी के प्रस्ताव की जांच और उसे स्वीकृति देने का जिम्मा उन्हीं अफसरों को दिया गया, जिन्होंने पॉवर फाइनेंस कॉरपोरेशन में बैठकर यह प्रस्ताव तैयार किए। वित्त विभाग में जिस अफसर ने सब्सिडी पर कैंची चलाई, उसे रवाना कर उसकी जगह बिजली कंपनियों से डेप्यूटेशन पर अकाउंट्स आफिसर को लगा दिया गया। सिर्फ डेप्यूटेशन पर लगाया ही नहीं, बल्कि उसे कैडर स्ट्रैंथ में भी शामिल कर लिया।

बिजली कंपनियों को लोन देने वाली पॉवर फाइनेंस कॉरपोरेशन में वही अफसर हैं, जो वित्त विभाग में यहां से प्रस्ताव बनकर आने पर उसे स्वीकृत करते हैं। अखिल अरोड़ा एससीएस वित्त हैं, उनके पास राजस्थान पॉवर फाइनेंस कॉरपोरेशन में एमडी का चार्ज है। इनके अलावा वित्त मार्गोपाय विभाग के ज्वाइंट सेक्रेट्री पवन जैमन व रिवर्स डेप्यूटेशन पर सरकार में बिजली कंपनियों की सब्सिडी का काम देखने वाले अकाउंट्स ऑफिसर अशीष शर्मा भी पॉवर फाइनेंस कॉरपोरेशन में पदाधिकारी हैं।सामान्य लेखा की भाषा में यह सीधे तौर पर कान्फिक्ट ऑफ इंटरेस्ट है। जो व्यक्ति कोई प्रस्ताव बनाता है, वही उसे कैसे स्वीकृत कर सकता है।

https://www.amarujala.com/rajasthan/jaipur/exclusive-officials-of-power-companies-committed-scam-in-subsidy-in-rajasthan-power-company-in-debt-2024-01-19

SELECTED NEWS ITEMS/ARTICLES FOR READING

14. Amid big defence dilemma, here's how India will need to balance its priorities *(economictimes.indiatimes.com)* Updated: Jan 19, 2024

India's defence strategy faces a Budget conundrum as it grapples with potency versus pragmatism. The 'mother of all procurements,' the MMRCA program by the Indian Air Force, stumbled, securing only 36 Rafale jets out of the intended 126, plunging squadron strength to a mere 32. Similar shortcomings echo in the Indian Army and Navy, raising concerns about defence allocations in the next fiscal year amid impending elections and the need for welfare measures.

India's ambitions to become a global leader in defence technology face a funding hurdle, as noted by a parliamentary committee's recent report. Comparing India's research funding with that of developed nations, the committee underscored the limitations posed by the current allocation. While sufficient for self-reliance and protection, this percentage falls short for India's aspirations of global leadership.

The panel, examining the Defence Research and Development Organisation's (DRDO) functionality, highlighted a stark insufficiency in the current budget allocation. At a mere 5.38% designated for research, the committee recommends a substantial increase to propel India's aspirations. Expressing concern over the dwindling allocation from 6.59% in 2010-11 to the current 5.38%, the committee stressed the need for a robust budget increase to 8-10% for R&D.

Addressing the state of fund utilisation in DRDO, the committee, while refraining from specific details, voiced reservations. Notably, it drew attention to the allocation shift, with 25% now earmarked for the private sector, leaving a diminishing share for DRDO's internal projects. Emphasising the vital role of R&D in fortifying the nation's defence, the committee urged the government to balance allocations between in-house initiatives and outsourced R&D.

Assessing Affordability vs. Effectiveness
The looming question remains: should the defence budget prioritise affordability or the required potency? The IAF's decision to acquire 97 Tejas Mk1A fighters, albeit short of the planned 114, underscores this dilemma.

Strategic Imperatives Amidst Threats
India faces pressing threats on its northern and western borders, necessitating meticulous evaluation of future war strategies amidst electoral fervour. Boosting sea power for regional deterrence aligns with a simultaneous push for substantial army modernisation, demanding considerable budgetary support.

Changing Dynamics and Indigenous Innovation

Recent shifts in military leadership envision prolonged conflict scenarios, elevating the significance of indigenous defence production amidst the Aatmanirbhar Bharat campaign. A practical assessment of the defence supply chain's realities becomes pivotal.

Budgetary Realities and Research Funding

Despite being the third-largest military spender globally, India's defence R&D expenditure lags, with a mere 0.7% of GDP allocated, in sharp contrast with China's substantial investment.

iDEX and Future Prospects

Schemes like iDEX (Innovations for Defence Excellence) underscore the government's focus on indigenous innovation, demanding continuous bipartisan support for sustained momentum.

Strategic Spending and National Imperatives Amid competing priorities for health and infrastructure, neglecting national security imperatives due to electoral concerns could prove detrimental, given increased defence spending in neighbouring countries.

As per a recent parliamentary panel, the union budget's allocation for defence-related expenditure is insufficient, keeping in mind India's aspirations to be global leader. It raised concerns about India's defence readiness, highlighting recent budget allocations for FY 2023-24. It accentuates a notable increase in non-salary operational allocations, emphasising modernisation and infrastructure development. The Union Budget's focus on R&D, innovation, and welfare of veterans underscores a shift in priorities.

However, challenges persist. High personnel and pensions costs constrain modernisation efforts and broader defence-industrial advancements. With over half of India's defence budget channeled towards personnel, procurement, and R&D endure limitations, impeding modernisation.

While India's defence budget ranks third globally, its proportion against GDP or central-government expenditure reveals internal pressures.

Reforming Perspectives and Priorities Addressing these challenges demands a paradigm shift. From personnel reforms to strategic spending, a recalibration is essential. It requires a nuanced approach, with a clearer distinction between 'core-defence' and 'whole-of-defence.'

Future Roadmap

The question we are left with is what the future looks like for the defence sector. Predictability in budgeting and prudent capital spending emerge as key imperatives for bolstering India's defence capabilities. This necessitates longterm planning, with an ideal ten-year horizon for budget allocation linked to identified capabilities.

Industry,Indigenisation, and Global Relations

The defence budget's impact transcends industry, international relations, and indigenous capabilities. Balancing strategic partnerships, operational needs, and Aatmanirbharta requires pragmatic implementation aligned with operational necessities.

Refinementin Methodology
A study of the NDAA suggests the necessity of commencing budgetary preparations well in advance to align resources with operational priorities and threats. It also calls for a continued emphasis on persistent refinement in defence budget planning.

The defence budget remains a critical barometer of India's security policies. As the nation grapples with competing priorities and challenges, a nuanced, strategic approach to budgetary allocations becomes extremely necessary for ensuring defence readiness and enhancing capability.

Highlights from Budget 2023-24
Budgetary allocations for defence in FY 2023-24 exhibited significant enhancements, reflecting a commitment to bolstering India's defence capabilities:

-- A substantial 44% increase in non-salary revenue allocations to Rs. 90,000 crore aimed to bridge critical combat capability gaps and fortify logistics and emergency procurement.

-- A remarkable 33% rise in the Capital Investment Outlay to Rs. 10 lakh crore, emphasising sustainable modernisation and robust infrastructure development.

-- An augmented allocation of Rs. 23,264 crore to DRDO aimed at strengthening research and development endeavours.

-- Emphasis on indigenous innovation was evident through enhanced budgets for iDEX and DTIS (Defence Testing Infrastructure Scheme), marking a 93% and 95% increase, respectively.

-- A notable 15.5% increase in the Defence Pension Budget underscored the government's commitment to veterans' welfare. https://economictimes.indiatimes.com/news/defence/budget-2024-amid-big-defence-dilemma-heres-how-india-will-need-to-balance-its-priorities/articleshow/106983297.cms?from=mdr

15. States' loan guarantee more than triples since FY17 to Rs 9.4 lakh cr in FY23 *(economictimes.indiatimes.com)* Jan 21, 2024

The total loan guarantees extended by 17 major states to their entities have more than tripled to Rs 9.4 lakh crore by FY23 from Rs 3 lakh crore in FY17, says a report. While guarantees are contingent liabilities, they may pose a risk to states' fiscal health if a substantial proportion of the stock needs to be serviced by them, warranting robust guarantee monitoring and prudent extension of guarantees in the future so that the financial system as a whole remains resilient.

States often sanction and issue on behalf of their various enterprises, cooperative institutions, and urban local bodies guarantees in favour of their lenders which are generally banks or other financial institutions.

The total loan guarantees extended by the 17 major states to their entities have more than tripled to Rs 9.4 lakh crore as of FY23 from Rs 3 lakh crore in FY17. This is equivalent to the entire increase in such guarantees of these states during FY2017-22, Icra Ratings chief economist Aditi Nayar said in the report.

In fact, such guarantees have been steadily increasing over the years, from Rs 3 lakh crore in FY17 to Rs 7.7 lakh crore in FY21 and to Rs 9 lakh crore in FY22.

The states excluded from the report are the Northeastern states and other hilly states along with Goa.

The RBI guidelines include tighter rules for ascertaining guarantee ceiling by a state than is being currently implemented by most states as well as assigning risk weights to guarantees, in addition to enhanced monitoring.

The guidelines also state that guarantees should not be extended for external commercial borrowings, the amount guaranteed should be limited to 80 per cent of the loan, etc.

Moreover, the guarantees should not be used for obtaining finance through state-owned entities, which substitutes budgetary resources of the states.

According to Nayar, this is in line with the change in guidelines on off-budget debt issued by the Centre in FY23 and she feels that together, these two will nudge states to become more selective while extending guarantees to their entities.

Additionally, the working group has also urged the lenders to assess a loan proposal from state-owned entities without taking comfort of a guarantee, which should make the lenders more cautious, going forward as well.

After the 32nd conference of the state finance secretaries in July 2022 favoured some regulatory caps on their guarantees, the Reserve Bank had in the same month set up a working group on state government guarantees, and its report was released on January 16 which suggested that the states charge a minimum fee for guarantees extended by them on loans taken by their enterprises, local bodies, and cooperative institutions.

The report specifically calls for a specific ceiling of 0.5 per cent of GDP for additional guarantees to be issued by the Centre annually as stipulated under the FRBM Act.

"States may consider charging a minimum guarantee fee for guarantees extended and additional risk premium may be charged based on the risk category and the tenor of the underlying loan," the report said.

The panel has also suggested that state governments may consider fixing a ceiling for incremental guarantees issued during a year at 5 per cent of revenue receipts or 0.5 per cent of Gross State Domestic Product, whichever is less.

The group also wants the word 'guarantee' to include all instruments, which create an obligation, contingent or otherwise, on part of the state government. Further, the purpose for which government guarantees are issued should be clearly defined.

"There should not be any distinction made between conditional/unconditional, financial/performance guarantees as far as the assessment of fiscal risk is concerned as all of these are in the nature of contingent liability that might get crystallized on a future date. Also states must classify the projects/activities as high risk, medium risk and low risk and assign appropriate risk weights before extending guarantees for them" the panel said.

The RBI had, in the past, flagged the issue of bank finance to governmentowned entities, often in violation of the prudential guidelines.

"Since most of these loans are backed by explicit guarantees offered by the state concerned, it may be necessary for the states to take into consideration the risk of guarantee being invoked," the report said. https://economictimes.indiatimes.com/news/economy/finance/states-loan-guarantee-more-than-triples-since-fy17-to-rs-9-4-lakh-cr-in-fy23/articleshow/107034587.cms?from=mdr

16. What next for India's booming tax collections? *(moneycontrol.com)* JANUARY 20, 2024

For the third year in row, the government's gross tax collections are set to post double-digit growth rate in 2023-24. More importantly, the rise in tax mop-up so far this year has been more than expected.

The Budget for 2023-24 had estimated that gross tax collections would amount to Rs 33.61 lakh crore this year, 10.4 percent higher than the revised estimate for 2022-23. But as per latest data, the tax collected in the first eight months of the year has been nearly 15 percent more than what the finance ministry had managed to mop up in April-November 2022.

To get a sense of how the final numbers could turn out to be, one can just look at 2022-23. The finance ministry started with a gross tax collection budget estimate of Rs 27.58 lakh crore. On February 1, 2023, this estimate was revised up by 10.3 percent to Rs 30.43 lakh crore. Finally, the actual tax collected, according to the Controller General of Accounts, was nearly half a percent higher at Rs 30.54 lakh crore.

After years of overestimating its expected tax numbers, the Budget in recent years has turned tack and been a bit conservative. This has helped make the budget numbers more reliable and not forced ministries to cut expenditure heavily towards the end of the year in a last-minute reverse trolley dash to meet the fiscal deficit target.

So, what comes next? Considering the 2024-25 budget is only an interim one, economists and tax experts don't expect any major changes to be announced. According to ratings agency ICRA, gross tax revenues for next year may be pegged at Rs 38 lakh crore – 13.1 percent higher from the budget estimate for 2023-24 but up 11.1 percent from what ICRA thinks the revised estimate for the current year will be.

"The estimated growth in GTR (gross tax revenues) for 2024-25 is mildly higher than our nominal GDP growth forecast of 9.5 percent for that fiscal, implying a tax buoyancy of 1.2," ICRA economists said. https://www.moneycontrol.com/news/business/budget/budget-2024-what-next-for-indias-booming-tax-collections-12093871.html