NEWS ITEMS ON CAG/ AUDIT REPORTS

1. CAG Highlights Certain Gaps in the implementation of the RCS-UDAN Scheme *(factly.in)* 22 Aug 2023

Regional Connectivity Scheme – UDAN (Ude Desh Ka Aam Naagrik) is a scheme initiated by the Government of India to enhance regional air connectivity in the country. The scheme was launched in 2016 as a part of the National Civil Aviation Policy. The goal of the scheme is to make air travel affordable and accessible to the common people by connecting under-served and unserved airports across India. Under this scheme, airline operators are offered various incentives to operate flights on certain regional routes, which otherwise might not be financially viable. The Airports Authority of India (AAI) was designated as the nodal agency for the implementation of the scheme. The Scheme focuses on encouraging sustainability of operations under RCS in the long term so that the connectivity established is not dependent in perpetuity on Viability Gap Funding (VGF) provided by the government.

The Comptroller and Auditor General of India (CAG) recently presented its audit report of the scheme during the recent Budget Session. The audit was carried out to assess the objectives and indicators of the scheme, its implementation, fund management and the monitoring and control mechanisms. Some of the key findings of CAG have been discussed in this story. Based on these findings, CAG has listed 16 recommendations for the Ministry of Civil Aviation to improve the implementation of the scheme in planning, management, and implementation. The audit covers three phases of the scheme (1, 2, and 3) that have been completed as of March 2021. As of July 2023, the Government has launched version 5.2 of the scheme.

Measures to improve planning

CAG observed that up to UDAN-3, 52% (403) out of 774 awarded routes had not commenced operations. Out of the 371 routes which had commenced operations, only about 30%, or 112 routes, had completed the full concession period of three years. Further, out of these 112 routes, only 54 routes (7% of the 774 awarded routes) that connected 17 RCS Airports could sustain the operations beyond the concession period of three years, as of March 2023. Operations in the rest 58 routes were discontinued after the completion of the concession period.

Likewise, in the case of heliports, up to UDAN-3, out of the 83 heliport routes comprising of 31 heliports identified and awarded, operations could commence only on 34 routes (41%) comprising of nine heliports, and subsequently operations were discontinued in 14 (41%) out of 34 routes comprising of four heliports. The report noted that the majority of the heliports identified for operations based on helicopter operators' proposals either remained unutilised/underutilised or saw discontinued RCS operations.

Based on these observations, CAG recommended that appropriate mechanisms be formulated to assess the feasibility of routes for achieving the sustainability of long-term operations and to identify unserved/underserved airports, considering the stage length, availability of alternate mode of transportation, terrain, socio-economic scenario and tourism potential, etc. Similarly, it recommended devising mechanisms to identify heliports under the scheme.

Recommendations for management of funds

Analysis revealed that 6 out of 7 airlines in operation in non-RCS routes, between 2019-20 and 2021-22, had collected excess Regional Air Connectivity Fund (RCF) levy of nearly Rs.72 crores from the passengers, which was much more than what they had remitted to the Regional Air Connectivity Fund Trust (RACFT). With respect to the collection and remittance mechanism of the Regional Air Connectivity Fund (RCF) levy, CAG observed that there was no rule to regulate the same. Further, it noted that there was a delay on the part of RACFT in raising RCF levy claims on the airline operators. The average delay was about 21 days for Air Vistara and Air Asia and 24 days for Indigo and Air India. A significant delay was also observed in realizing the RCF levy. The average delay was 71 days until October 2021 ranging from 12 days for Air Vistara to 223 days for Air India.

Monitoring mechanisms to ensure that the collected RCF levy from passengers does not exceed the amount to be remitted to the government or become a profit source for airlines were suggested. It also called for introducing penalties for such delays according to the Draft Standard Operating Procedure.

Even after more than five years, a clear procedure for recording transactions in RCF was not established according to the guidelines of the CAG of India. Additionally, the accounts of the RACFT were also not submitted for CAG audit, and because of this, CAG called for immediately entrusting the accounts to it. It also recommended that an accounting methodology was needed to map the concessions extended to airlines by various stakeholders.

AAI's Viability Gap Fund's claims approved through self-certification led to non-compliance to several scheme provisions. The audit identified instances where the scheme's provisions were breached like excess disbursement of VGF, violation of RCS fare cap, etc.

For instance, in the case of Alliance Air, out of 4.3 lakh tickets sold in 11,017 RCS flights between 2018-19 and 2021-22, a total of 87,702 non-RCS seats were sold prior to selling prescribed RCS seats violating the provisions of the scheme. As a result, Alliance Air not only collected excess fare of Rs. 8.80 crores from passengers but also claimed excess VGF of nearly Rs. 31 crores. In Factly's story, we saw that Alliance Air had received the highest share of VGF between 2017-18 and 2022-23. About 60% of the total amount released or Rs. 3502 crores went to Alliance Air which had the second-highest share of flights flying under the scheme.

CAG suggested that a mechanism be developed to align the VGF claims submitted by airlines using flight data provided by airport operators, instead of self-certification for VGF disbursement.

Measures suggested to improve implementation of scheme

Significant delays in the revival/development of identified RCS airports were highlighted, despite budgetary support of Rs. 4,500 crores that was sanctioned by the Cabinet Committee on Economic Affairs in March 2017. As of March 2023, work had commenced in only 116 airports/ heliports, out of which works have been completed and operations commenced in 71 airports/ heliports at the cost of Rs. 2,599 crores. In 83 airports/ heliports/ water aerodromes, operations were either discontinued or could not be commenced even after incurring an expenditure of Rs. 1,089 crores. CAG suggested that a better mechanism be devised to identify airports for revival/development considering the experience gained. In 2023-24, the Government has also approved Rs. 1000 crore in the Budget for the revival and development of fifty additional aerodromes in the country.

With respect to helicopter operations, CAG noted that the airfare cap and VGF cap were based on flight duration. However, while disbursing the VGF, instead of the actual time of travel, the time as per the letter of award was considered. This resulted in higher airfare and higher VGF disbursement than what would have been if the actual time of travel was considered.

Observing that the independent audit of airlines was not conducted after 2017-18, the CAG called for an audit of the performance of airlines operating on routes under the UDAN scheme to ensure compliance with the provisions of the scheme as well as the Selected Airlines Operator Agreement.

The CAG report also recommended that airlines establish a transparent seat booking system for RCS flights. This system should be overseen by the Ministry to guarantee that seats covered by the UDAN scheme are given priority over those not included in the scheme when selling seats. Also, the system should be such that airline operators do not charge airfare more than the airfare cap stipulated.

NITI Aayog is also planning to study the relevance of scheme

To sum up, CAG called for measures to have a properly structured procedure in place for each of the stages of implementation of the scheme. Even though there has been improvement in the number of passengers, there still needs to be concerted efforts to ensure that the scheme meets its objectives. Just a few days before CAG presented its report, NITI Aayog floated an RFP document calling proposals to evaluate the relevance of the scheme as well as assess whether it has improved regional connectivity and made air travel economical. https://factly.in/review-cag-highlights-certain-gaps-in-the-implementation-of-the-rcs-udan-scheme/

2. **Govt wants to know why UDAN didn't always fly** *(livemint.com)* 21 Aug 2023

NEW DELHI: The civil aviation ministry will soon start a detailed evaluation of routes awarded under the government's regional connectivity initiative, known as the Ude Desh ka Aam Naagrik (UDAN) scheme, which offers flight subsidies to underserved or unserved destinations.

The assessment will aim to determine the reasons behind airlines' failure to launch flights or continue flying them despite the subsidy offer, two officials familiar with the development said on condition of anonymity.

The detailed assessment is happening at a time about 46% of the total flights, which started operating under the regional connectivity scheme (RCS), have been discontinued due to low demand, lack of support from state governments and infrastructure constraints. The government auditor has also raised concerns about the lower-than-anticipated success of the scheme.

Government data shows that 260 flights and routes are operational under the UDAN scheme as of date. Of the 1,154 routes awarded under the scheme, spanning Phase 1 to Phase 4 until 16 May, airlines have initiated flights on only 475 routes.

One of the officials said one of the objectives of the study is to understand the factors that resulted in an inactive route and to identify the shortcomings. The scheme, launched for a period of 10 years in October 2016, may be tweaked based on the results of the study if the government decides to extend its tenure.

“The study will focus on what went right for the UDAN routes which started operations after being allocated and what went wrong for routes which were allocated but did not commence flights," the official said.

“The idea is to identify the areas where either the policy support was not sufficient to support an airline and the areas where an airline was completely responsible for failing to start flights despite policy support," the person added.

While launching the scheme, the fare for half the seats on a one-hour journey of around 500 kilometres on a fixed-wing aircraft or a 30-minute journey on a helicopter was capped at ₹2,500, with proportionate pricing for routes of different distances and flight duration. The capping is subject to indexation as per the specified formula.

In a recent audit of the scheme by the Comptroller and Auditor General of India, the government auditor stated that UDAN is a “good initiative" for increasing air connectivity as a faster, safer and affordable option of travel for common people, and the number of passengers travelled on the regional routes under UDAN increased from around 263,000 in FY18 to 2.5 million passengers in FY23.

However, the implementation of the regional connectivity scheme needs to be improved to fully leverage the benefits envisaged, the auditor observed. CAG also noted that up to the UDAN-3 phase, 52%, or 403 out of 774 of the awarded routes, could not commence operations, and from the 371 commenced routes, only 112 routes, or 30%, completed the full concession period of three years.

Further, out of these 112 routes, only 54 routes, or 7% of the awarded routes connecting 17 RCS airports, could sustain the operations beyond the concession period of three years as of March, the CAG report added.

“This scheme has been an important milestone in the air connectivity ecosystem in a country like India that has a large potential for increased air traffic. The aim of the study will be to fine-tune the scheme framework so that we can expect maximum impact in the upcoming rounds of the scheme and make the existing regional air network more robust," the second official said.

The latest regional rounds of UDAN 5 are currently focusing on increasing air connectivity to heliports, small aircraft and seaplane operations.

https://www.livemint.com/economy/govt-wants-to-know-why-udan-didn-t-always-fly-11692641384356.html

3. Can the Jal Jeevan Mission provide tapped water to all rural households by 2024? *(jara.news)* August 21, 2023

The scheme is m aking quick progress, but a major part of rural India still remains to be covered

When Prime Minister Modi announced the Jal Jeevan Mission from the ramparts of the Red Fort on August 15, 2019, India kicked off its seventh major programme to ensure safe drinking water supply to rural India since Independence.

Under the mission, the government aims to provide tapped water connections to all rural households by 2024. But has the country learnt from the failed attempts to get it right this time around?

India has a long history of unsuccessful attempts to supply drinking water to its villages. The Indian Constitution, adopted in 1950, made water a state subject and gave all citizens the right to safe drinking water.

So, it was one of the priorities of the country's first five-year plan (1951-56), which asked state governments to build the required infrastructure to be able to provide basic water supply to rural areas. State governments, though, focused only on the easily accessible villages until the mid-1960s.

In 1969, India launched the National Rural Drinking Water Supply Programme. Using technical support from UNICEF, the country dug 1.2 million borewells and issued 17,000 piped water connections under the programme.

In 1972-73, the country rolled out the Accelerated Rural Water Supply Scheme (ARWS) to improve rural access to safe drinking water. A year later, ARWS was replaced with the Minimum Needs Programme (during the fifth five-year plan) that had the objective of improving the overall living standards of people. Owing to its slow progress, the Centre reintroduced ARWS in 1977–78.

In 1986, ARWS was put into mission mode with the formation of the National Drinking Water Mission. In 1991, it was renamed to Rajiv Gandhi National Drinking Water Mission. Three years later, the 73rd Constitutional Amendment assigned Panchayati Raj Institutions the responsibility of providing drinking water.

In 1996, the now defunct Planning Commission carried out a sample survey in 87 districts across 16 states to understand the progress made with ARWS. It found that the scheme only covered 86 per cent of the sampled villages, and even there the water supply remained erratic.

The Planning Commission found excess iron, fluoride and bad odour made the water non-potable in many states. This was because the scheme relied predominantly on groundwater without any plans of water recharge.

The sinking groundwater levels meant that a number of villages that were initially “covered” under the scheme, slipped back to “not covered” status. Also, 87 per cent of water extraction structures were not operational, suggesting poor maintenance.

In 1999, the Centre rolled out the Comprehensive Action Plan (CAP 99) to increase the coverage of ARWS to the “not-covered” and “partially covered” rural habitations.

The Centre also rolled out the Sector Reform Programme (1999-2000) on a pilot basis to achieve self-sufficiency in drinking water in 67 districts across 26 states through community participation.

In 2002, the programme was modified and launched as Swajaldhara to be implemented in “villages, Panchayats, Blocks where people come forward to own, implement and maintain their water sources as per their choice”.

Under the scheme, the community had to contribute 10 per cent of the capital cost (5 per cent in the case of SC/ST dominated villages). In 2007, the community contribution was made optional. In 2004, all the drinking water programmes were brought under the Rajiv Gandhi National Drinking Water Mission.

Over and above this, the Bharat Nirman Programme, launched in 2005, had a rural drinking water supply component, which took care of all uncovered habitations identified under CAP 99.

The Bharat Nirman Programme also faced limited success in addressing the problem of villages rolling back on progress. According to a report released by the Comptroller and Auditor General of India (CAG), in most years between 2002 and 2007, the existing schemes could cover only about 50 per cent of the target habitations.

In 2018, CAG carried a performance report on the implementation of the National Rural Drinking Water Programme between 2012 and 2017, in 27 states. The report says that 0.48 million habitations slipped from “fully covered” to “partially covered” during the period. This was primarily because rural India saw an 80 per cent increase in deep tubewells between 2006-07 and 2013-14.

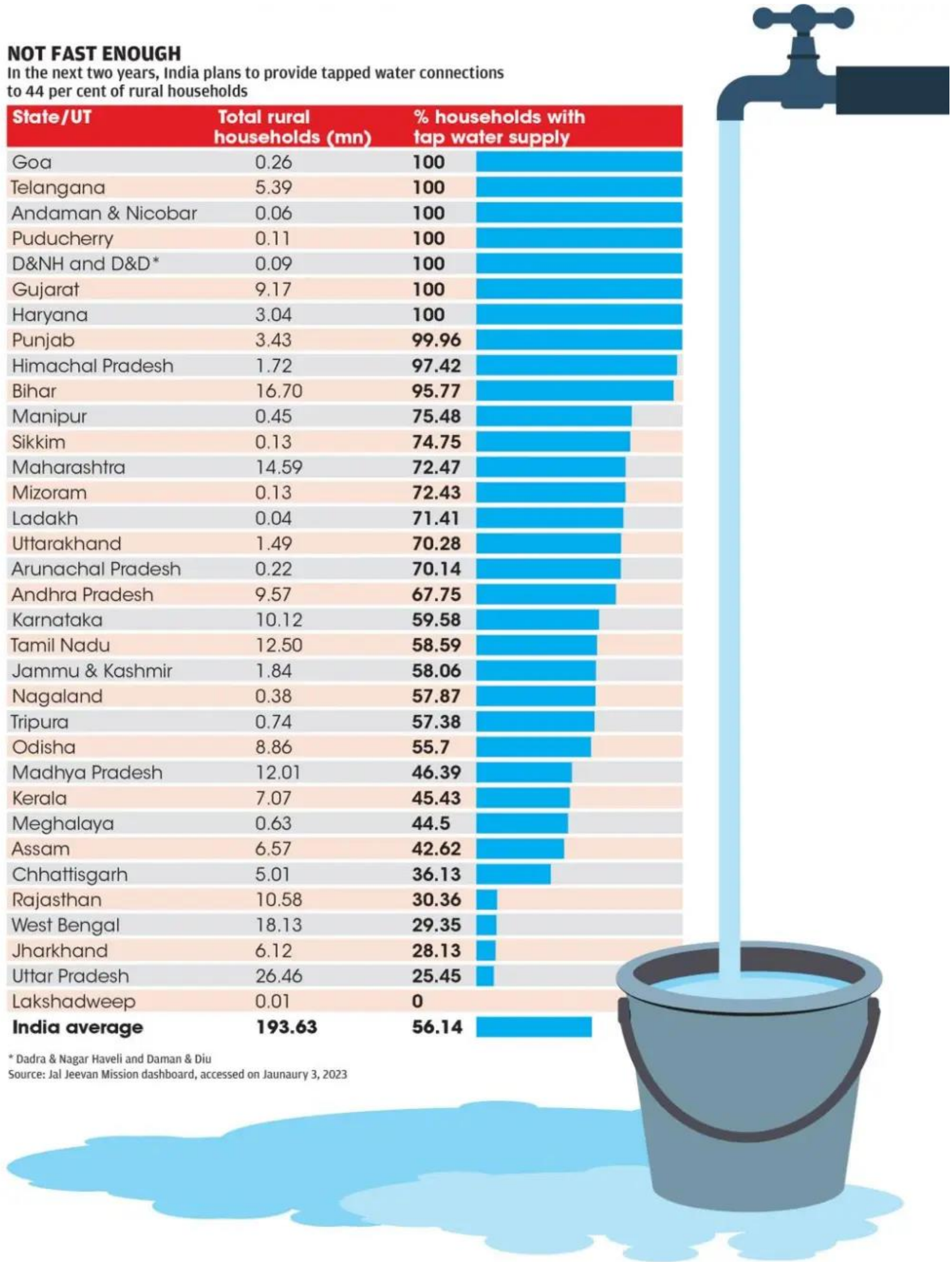
In 2017, the Centre launched the Har Ghar Jal programme with the objective of ensuring safe drinking water to all households, with piped supply. By April 1, 2018, however, as per the records of the Department of Drinking Water and Sanitation, only 20 per cent of rural households were connected to piped water.

The promise was to cover 35 per cent of rural households in 2018-19 along with enhanced water entitlements for each household. Under Har Ghar Jal, the ministry also increased drinking water supply in rural areas to 55 litres per capita per day (LPCD). In 2019, the Jal Jeevan Mission replaced the ARWS.

An analysis of the previous schemes suggests they failed due to four major reasons. First, owing to their dependency on groundwater, they failed to ensure a sustainable water source.

Second, they failed to create a sense of ownership among the community towards the drinking water supply. This is the reason that the bulk of the infrastructure that the previous schemes created is now defunct due to poor maintenance.

Third, the progress of the previous projects was seldom shared with the public, which is a good way of sensitising the people. Fourth, mismanagement of funds: India had spent Rs 200 crore on rural water supply, but the problem still persists.



NOT FAST ENOUGH

In the next two years, India plans to provide tapped water connections to 44 per cent of rural households

State/UT	Total rural households (mn)	% households with tap water supply
Goa	0.26	100
Telangana	5.39	100
Andaman & Nicobar	0.06	100
Puducherry	0.11	100
D&NH and D&D*	0.09	100
Gujarat	9.17	100
Haryana	3.04	100
Punjab	3.43	99.96
Himachal Pradesh	1.72	97.42
Bihar	16.70	95.77
Manipur	0.45	75.48
Sikkim	0.13	74.75
Maharashtra	14.59	72.47
Mizoram	0.13	72.43
Ladakh	0.04	71.41
Uttarakhand	1.49	70.28
Arunachal Pradesh	0.22	70.14
Andhra Pradesh	9.57	67.75
Karnataka	10.12	59.58
Tamil Nadu	12.50	58.59
Jammu & Kashmir	1.84	58.06
Nagaland	0.38	57.87
Tripura	0.74	57.38
Odisha	8.86	55.7
Madhya Pradesh	12.01	46.39
Kerala	7.07	45.43
Meghalaya	0.63	44.5
Assam	6.57	42.62
Chhattisgarh	5.01	36.13
Rajasthan	10.58	30.36
West Bengal	18.13	29.35
Jharkhand	6.12	28.13
Uttar Pradesh	26.46	25.45
Lakshadweep	0.01	0
India average	**193.63**	**56.14**

* Dadra & Nagar Haveli and Daman & Diu

Source: Jal Jeevan Mission dashboard, accessed on Jaunaury 3, 2023

DEPARTURE FROM THE PAST

The Jal Jeevan Mission at least partially addresses these key issues that led to the failure of the previous schemes. The scheme, for instance, says that depending on the availability, villages can be connected to either surface water sources or groundwater. It goes on to say that the water sources also need to be recharged and protected.

The scheme also has a major focus on sensitising the communities and implementing officers at all levels. One of the stated key objectives is to "Take up all support activities like Information, Education and Communication (IEC), training, development of utilities, water quality laboratories, water quality testing and surveillance, research development, knowledge centres, capacity building of communities etc to make the mission successful".

At present, however, the majority of the funds are being used to create infrastructure. As per government data, 22 per cent villages are yet to set up the Village Water Sanitation Committee which has the crucial responsibility of maintaining and overseeing the water supply on a day-to-day basis. Even the capacity of the members at the village level needs to be improved.

The programme has a robust dashboard where centralised progress of the scheme is pushed out for the general public. This much needed step helps villages understand how other villages are progressing and can play a major role in encouraging villages to take action.

The dashboard maps every village with water sources, water treatment plants, purification plants, storage facilities, delivery network and community sanitary complex. It, however, does not locate the source sustainability structures like rainwater harvesting, groundwater recharge.

The scope of the programme also includes preparedness for "natural disasters or unforeseen challenges", implement on a case-by-case basis bulk water transfers to the villages and set up treatment plants and distribution systems. It also talks of bringing in technological interventions to supply safe water wherever water quality is an issue, and undertake greywater management.

THE STORY SO FAR

India has 193.6 million rural households. Of these, only 32.4 million or 16.7 per cent rural households had tapped water connections at the start of the Jal Jeevan Mission.

As of January 3, 2023, the number of rural households with a tapped water connection had increased to 108.7 million or 56.14 per cent, as per the programme's dashboard. This means the Mission needs to cover 76.3 million additional rural households (47.3 per cent) in the next two years.

So far, only five states and Union Territories (UTs)—Haryana, Goa, Andaman and Nicobar Islands, Puducherry, and Daman and Diu and Dadra Nagar Haveli—have achieved the Har Ghar Jal status with tap water supply to all rural households. Two more states—Telangana and Gujarat—have reported having achieved Har Ghar Jal status and their claims are being verified under the scheme.

A lot is riding on the Jal Jeevan Mission. Its success will ensure India maintains its open-defecation-free status and achieves the Sustainable Development Goals on water and sanitation. The scheme is making quick progress, but a major part of rural India still remains to be covered. https://jara.news/can-the-jal-jeevan-mission-provide-tapped-water-to-all-rural-households-by-2024/

4. Unchecked mining is ruining Kashmir's rivers. The government is doing little about it *(scroll.in)* 22 August 2023

For the last two years, 35-year-old Mohammad Altaf Bohru of Kashmir's Kulgam district has been working as a scrap dealer.

A father of three, Bohru belongs to Kashmir's 66,000-strong fishermen community, locally known as gaadi hanjis (those who catch and trade in fish). He lives in Kulgam's Bhan village which sits on the banks of Vaishav river, a tributary of the Jhelum.

Like his ancestors, Bohru knew only one occupation all his life – catching fish and then selling them in the market.

Not anymore.

Two years ago, Bohru stopped casting his net. "There are no fish in the river now," said Bohru on a sultry July afternoon while unloading collected scrap material at a warehouse in Kulgam. He blamed it on the excessive sand mining in Vaishav.

Around five years ago, Bohru said, miners shifted from mining sand manually with shovels to using heavy machinery like excavators, bulldozers and earthmovers, even though their use is forbidden under the conditions set by the environmental clearances. Since then, the catch has speedily declined.

This isn't Bohru's story alone. More than 70 fishermen families live in the village of Bhan. Almost everyone has switched to other work. Those who still cast their nets in the river say they are just trying their luck. All of them, in unison, blame rampant mining for the loss of their traditional livelihood.

Abdul Rehman, a 60-year-old who has been fishing for the last 40 years, explained: "Earlier, if I covered an area of 3 km in the river, I would catch 6-8 kilograms of fish. Now, for the same distance, I don't even get 250 grams of fish."

Experts say mechanised riverbed mining damages aquatic life by extracting sand and gravel at the bottom of the river, which are key to the nourishment and breeding of fish. "From the scientific point of view, riverbed mining should be banned," said Dr Farooz Ahmad Bhat, dean of the faculty of fisheries department, at Sheri Kashmir University of Agricultural Sciences and Technology. "Our research concludes that mining is not feasible for the natural ecosystem of the fish."

But it is not just fish that have been affected by the riverbed mining.

According to villagers, the extensive riverbed mining has changed the topography of the river, affecting water sources, drying up farmland, sometimes even leading to the death of mining workers.

"Earlier, we knew the river like the back of our hand. Now, the mining has left so many deep pits in the river that we are afraid to go fishing," Bohru added.

Local residents in Bhan recount three deaths in the last few years which occurred during riverbed mining. "Some of the pits are 20 feet deep, how can anyone come out of it if he falls in it?" Bohru asked.

A pit created near the Vaishav river in Kulgam district by mining. Credit: Safwat Zargar.

Multiple violations, no action

Over the last few years, rampant illegal riverbed mining by unlicensed contractors and violations of environmental guidelines by licensed players have been reported across the Union territory of Jammu and Kashmir, prompting concerns from the public about the environmental impact on the region's fragile ecology and livelihoods.

Even the government's own figures on illegal mineral mining in the Union territory are staggering. In 2021-22, the authorities seized more than 7,000 vehicles for their involvement in illegal extraction and transporting of riverbed minerals, such as building stones, gravel, clay, and sand, according to the annual report on sand and river bed mining by the department of geology and mining.

The authorities also seized 35 machinery like earth movers and extractors. The total amount of penalties imposed on the illegal miners in the year amounted to more than Rs 14 crore.

In October last year, the National Green Tribunal imposed a penalty of Rs 35 crore on Jammu and Kashmir government for failing to prevent pollution and illegal mining in Doodh Ganga, a tributary of the river Jhelum, and the Mamath Kull, a stream which falls in Kashmir's Srinagar and Budgam district.

"It is seen that there are serious lapses on the part of the administration in waste management and in failing to control illegal mining which has resulted in huge damage to the environment and public health. Remedial action is inadequate on the ground," the bench headed by tribunal's chairperson Justice Adarsh Kumar Goel said in its order.

Scroll travelled to three districts in southern Kashmir – Kulgam, Shopian and Pulwama – to find multiple violations at mining sites, from extraction beyond limits set by the government, to the use of heavy machinery like excavators, leading to unchecked environmental devastation. More crucially, the mechanism put in place to monitor and check such violations was completely absent.

'Lost our sleep'

For most part of his life, 75-year-old Ghulam Mohammad Dar has cultivated more rice than what he required. From the last five years, his produce is not even sufficient to feed his own family.

“Let’s say I was cultivating 100 bags of rice every season out of which I would sell around 90 bags,” Dar, a resident of Pulwama’s Achan village, said. “Now, I am buying 10 bags from the market for myself. That’s the situation.”

A vast chunk of Dar’s once agricultural land sits on the banks of the Rambiara river which cuts through south Kashmir’s Pulwama and Shopian districts.

Around 2019, Dar said, more and more miners started extracting minerals from the river through the day, abandoning the slow, manual method of mining. They used heavy machinery like excavators, he added, even if this was expressly prohibited by environmental guidelines.

Without any monitoring by government officials, unchecked mining carried on, he alleged. “The large-scale mining brought down the level of the river to more than 15 feet,” said Dar.

Accordion to the 2016Jammu and Kashmir Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, which regulates riverbed mining in the Union territory, “no mining activity/operation shall be carried out in any river bed below the depth of 3 m [9 feet] or below the water level, whichever is lesser”.

However, most of the environmental clearances issued in Jammu and Kashmir restrict the riverbed mining to the depth of only one metre.

Dar added: “Since our land sat at a height, the water stopped reaching our fields. Handpumps went dry. Water just disappeared.”

In his childhood, Dar said, there were 50 springs in the village fed by the natural underground water channels from the river. “These days, we have only one spring which has water and it has been divided into two villages so that both can use it,” he said.

These days, Dar’s and many other paddy farmers’ land has turned into a patch of weed. “Nothing grows there, it’s a desert now,” he pointed out, stating that the affected land runs in hundreds of kanals.

Such excessive mining has been reported from several rivers in Jammu and Kashmir – Sindh river in Ganderbal district, Mawar Nallah in North Kashmir’s Kupwara district, Frastahar Nallah in Baramulla and Arin Wallah of Bandipora district.

Experts are not surprised by such a fallout of mining. “As it flows, a river replenishes a larger catchment area through underground water channel networks,” said an academic in agricultural sciences, who did not wish to be identified. “Mining creates deep pits in a riverbed and sometimes causes it to sink downwards, affecting the flow of the river.” As a result, the expert explained, the river’s connections with the underground water table are also disrupted.

The expert added: “The first impact is always on the vegetation growing on or near the river banks as the river is a source of its nourishment.”

A government school in Kulgam was damaged when a truck carrying sand rammed into it. Credit: Safwat Zargar.
Besides drying up their farms, riverbed mining has also unsettled the villagers in other ways.

Under the environmental guidelines mandatory for mining lease holders, no mined material can be transported through the villages and areas where there is human habitation. The lease holder, the rules say, has to construct a separate road – at least 200 metres away from the human habitations in the area – to transport the material. Additionally, mining is allowed only between 6 in the morning and 6 in the evening.

However, villagers from Pulwama, Ganderbal, Shopian and Kulgam districts say most of the mining with heavy machinery takes place during the night. “We have lost our sleep. These huge trucks carrying sand and gravel ply so fast in the night through village roads that our houses shake by their movement,” said Rafiq Ahmad, another local from Achan.

Such reckless driving often leads to accidents. In Kulgam’s Ashmuji village, a truck carrying riverbed material rammed into the gate of a government school last month, causing damage to the school’s main gate.

“Fortunately, no student was at the gate. Had it been during the school opening time or during the off time, it would have been a disaster,” said a teacher from the school, wishing not to be identified.

School authorities said the problem went beyond accidents. “It’s illegal to transport material from an area where there is a school. These vehicles cause so much dust and air pollution that we are fed up now,” the teacher added.

According to several villagers in Pulwama and Kulgam, they have repeatedly tried to bring these issues to the notice of various government departments. “From the local police to all the way up to the Kashmir divisional commissioner, we knocked on every door. They heard us but nothing changed on the ground,” a villager, who did not want to be identified, said.

A school teacher in the area also flagged the social cost of mining. “Mining is very profitable and even young boys work at mines. Would children continue studies when they see boys of similar age driving lavish cars, carrying latest smartphones and having so much money to spend?” he asked.

While reporting, Scroll saw heavy machinery like excavators and earthmovers parked near the mining sites in the day. Huge dump trucks transporting riverbed material through the interior roads of the villages was also a common sight.

An excavator digs up the Rambiara riverbed in Shopian district, in April 2023. Credit: Umer Asif.

Monitoring framework

While illegal miners – who do not have extraction rights – often fall in the net of law enforcement authorities, a Scroll investigation found that even the legal lease holders in the Union territory of Jammu and Kashmir are not complying with the conditions of the environmental clearances granted to them.

Since riverbed mining entails an impact on environment, river ecology and aquatic life, environmental clearances prescribed under the Ministry of Environment, Forest and Climate Change's 2006 Environment Impact Assessment Notification are mandatory for mining activities.

Until 2016, small-scale mining projects (in areas less than or equal to five hectares) of minor minerals did not require prior environmental clearance from the government. This changed in January 2016, when the Ministry of Environment, Forest and Climate Change laid down a mechanism for small-scale mining projects to get clearance from the government. Under the amended notification, the projects are assessed by a district-level or state-level environment impact assessment authority and a district or state-level expert appraisal committee before a clearance is given.

An environmental clearance certificate has two sets of guidelines for every project. While the standard conditions talk about statutory provisions of ensuring the prevention of air, water or noise pollution and other environmental safeguards, specific conditions are tailored as per the facts and location of a particular mining project.

For example, a miner is allowed to extract minerals from only 60% of the mining area and not more – one such standard condition. Local residents and activists in Kashmir say that the miners not only flout that rule, they even extract minerals from beyond the designated area, including river embankments.

"Since most of the illegal mining happens at night, there is hardly any check on where they extract," said Ghulam Mohammad Dar from Pulwama's Achan village. "It's only in the day that people realise that these miners have extracted material even from river embankments and the spots of their choice. There is no clear boundary which delineates a mining area from the rest of the river."

Every project holder also has to generate data on the air quality parameters at mining sites, and display them prominently at the site as well as listed in half-yearly compliance reports. In the three districts Scroll travelled to for this story, nowhere was such information put up.

Mining near the Rambiara river in Pulwama district, in April this year. Credit: Umer Asif.

Missing compliance reports

One of the conditions in an environmental clearance is the mandatory submission of half-yearly environmental compliance reports before the concerned regulatory authority by the lease holders. The idea is to ensure that the project is being executed as per the stipulated terms and conditions laid down in the environmental clearance.

For Jammu and Kashmir, the central government-appointed Jammu and Kashmir State Environment Impact Assessment Authority is the relevant authority.

All the compliance reports submitted by the project holders must also be public documents. "Copies of the same shall be given to any person on application to the concerned regulatory authority. The latest such compliance report shall also be displayed on the web site of the concerned regulatory authority," the amended 2006 Environment Impact Assessment Notification says.

But no such compliance report has been uploaded on the Union ministry's Parivesh portal by project owners, who have been granted environmental clearance in Jammu and Kashmir.

According to Parivesh portal, 244 projects have been granted environmental clearance in Jammu and Kashmir since July 2015. However, details and documents of only 146 projects are available on the portal. Most of these projects are related to lucrative riverbed mineral mining. Not a single one of them have submitted environmental compliance reports since 2015.

The website of Jammu and Kashmir Pollution Control Committee, the nodal authority for dealing with cases related to pollution or environment management, also does not host any of the compliance reports.

According to the enforcement and monitoring guidelines for sand mining, 2020, issued by the ministry of environment, forest and climate change, the "State Pollution Control Board shall initiate appropriate action under the provision of these acts for non-compliance or violation of the provisions."

Scroll asked the Jammu and Kashmir Pollution Control Committee whether it has found any violation regarding the environmental violations due to mining. It did not reply.

Scroll requested meetings with the member secretary of the Jammu and Kashmir State Environmental Impact Assessment Authority, and the member secretary of Jammu and Kashmir Pollution Control Committee. They did not respond to repeated calls and messages.

The director of Jammu and Kashmir's geology and mining department also did not respond to calls and messages from Scroll.

The director of Jammu and Kashmir government's fisheries department did not take calls or reply to messages from Scroll on the impact of mining on aquatic life.

On August 2, Scroll mailed detailed questionnaires to the Jammu and Kashmir State Environmental Impact Assessment Authority and Jammu and Kashmir Pollution Control Committee about the findings of this story. The story will be updated if they respond.

'Pan-India problem'

Lawyers and environment activists say non-submission of compliance reports by environmental clearance project holders is a "pan-India problem". The absence of any specific body to ensure post environmental-clearance monitoring is another factor which contributes to the violation of environmental rules across the country.

"Not only small mining projects, compliance is poor even in organised and structured projects which have massive investments," said Sankar Pani, an Odisha-based environmental lawyer who focuses on environmental governance. "In the case of sand mining, you can find zero environmental compliance across the country. Ninety out of 100 conditions are violated."

According to Pani, this has been continuously brought before the National Green Tribunal.

However, non-submission of compliance reports is just one part of the problem, he added. "Every compliance report is actually a self-certified report by the lease holder that he is doing this and that. The issue is even if they file the compliance report, who will monitor and check if whatever they are saying in the report is actually true? That's the bigger issue," he pointed out.

In 2016, Comptroller and Auditor General of India also flagged the lack of environmental compliance in its report. It said that the regional offices of the ministry of environment, forest and climate change were not "ensuring that the [lease holders] submitted half-yearly compliance reports timely and regularly"

But significantly, the report also pointed out the reluctance of the government to give authority to these regional offices to tackle violations. "No power was delegated to the regional offices to take action against defaulters."

"The Ministry did not have a database of cases where the violations were reported by regional offices. No penalty was imposed by the ministry for violating conditions of environmental clearances in the last two years," the Auditor General's report concluded. https://scroll.in/article/1054434/unchecked-mining-is-ruining-kashmirs-rivers-the-government-is-doing-little-about-it

5. How and why the revenue dept is tightening its grip on charitable bodies *(business-standard.com)* Aug 22, 2023

The CAG, in a 2022 report, estimated the loss of potential revenue from charitable bodies at Rs 18,800 crore between the assessment years 2014-15 and 2017-18

It is all about giving, say charities. But they do not seem to practise it when it comes to the revenue department. Not for much longer, though.

Officials of the revenue department, under the finance ministry housed in the North Block, the cream and red sandstone structure at New Delhi's Raisina Hill, always had the inkling that the exchequer was suffering losses due to the accounting processes of several charitable trusts and institutions. Yet, they were in for a shock when the Comptroller and Auditor General (CAG), the national auditor, flashed the numbers. https://www.business-standard.com/economy/analysis/how-and-why-the-revenue-dept-is-tightening-its-grip-on-charitable-bodies-123082100904_1.html

6. Dwarka Expressway: India's first eight-lane highway to relieve congestion between Delhi and Gurgaon *(moneycontrol.com)* AUGUST 21, 2023

Nitin Gadkari claims that 50–60 percent of traffic currently travelling on National Highway-8 will be switched to the new Dwarka Expressway, which will improve traffic flow towards Sohna Road and Golf Course Road

The first eight-lane elevated expressway in India will be the Dwarka Expressway, which runs from Delhi to Haryana and is intended to relieve congestion on the NH-48 between Delhi and Gurgaon. According to Union Minister Nitin Gadkari, the motorway will open to traffic in the next three to four months.

Since the Comptroller Auditor General of India (CAG) raised concerns about cost inflation during the construction of the highway, the project has been the subject of criticism. The government denied the charges, claiming that the CAG report oversimplifies the complexities of the project. The CAG study said that the expressway's construction cost was increased from Rs 18.2 crore per km to Rs 251 crore per km.

Gadkari claims that 50–60 percent of traffic currently travelling on National Highway-8 will be switched to the new motorway, which will improve traffic flow towards Sohna Road and Golf Course Road.

A total of Rs 9,000 crore would go towards building the motorway that will connect Gurugram, in Haryana, with Dwarka, southwest of Delhi. The motorway length spans about 19 kilometres in Haryana and the final 10 kilometres are in Delhi.

The longest (3.6 km) and widest (eight lanes) urban road tunnel in India would be built together with four multi-level interchanges (tunnels/underpasses, at-grade road, elevated flyover, and flyover above flyover) at significant junctions, according to Gadkari.

The motorway would give direct access to the future India International Convention Centre (IICC) in Delhi's Dwarka Sector 25 once it is finished. Through a short tunnel, it will also offer an alternative means of access to the Indira Gandhi International Airport. https://www.moneycontrol.com/news/business/dwarka-expressway-indias-first-eight-lane-highway-to-relieve-congestion-between-delhi-and-gurgaon-11230921.html

STATES NEWS ITEMS

7. CAG report alleges underpayment of excise duty in Uttar Pradesh by Radico Khaitan *(economictimes.indiatimes.com)* 21 Aug 2023.

Comptroller & Auditor General (CAG) of India has highlighted underpayment of excise duty of Rs 1,078.09 crore including taxes to the Uttar Pradesh government by Radico Khaitan Ltd, the maker of 8 PM whisky and Magic Moments vodka.

"Assistant Excise Commissioner, Radico Khaitan Limited, Rampur failed to monitor consumption of input excise material shown in excise records vis-a-vis returns filed in

Income Tax Department resulted in not detecting understatement of consumption of input excise material involving excise revenue of Rs 1,078.09 crore (including interest of Rs 482.34 crore) during the period 2013-14 to 2019-20," CAG has said in the report.

Audit examined the records pertaining to various materials such as molasses, grain and barley malt used for manufacture of liquor.

Audit compared the consumption figures of molasses, grain and barley malt submitted by the assessee through statutory returns to the Income Tax Department (ITD) with the respective quantities depicted in the records of the Assistant Excise Commissioner (AEC), Radico Khaitan Limited, Rampur and noticed variations in the quantities disclosed in the records/returns submitted to the Income Tax Department with those available in State Excise Department.
"The variations found in the consumed material indicate that the assessee had understated the consumption of inputs items in excise records, involving excise revenue of Rs 595.75 crore on which interest of Rs 482.34 crore was leviable," CAG has said.

Radico Khaitan contributes about 30% of the excise revenue of the state. In the last 3-4 years, the revenue from excise in the state has doubled.

Radico Khaitan in a regulatory filing on Tuesday has said that it has complied with all legal requirements including revenue laws of the country.

"We have not received any notice of any irregularity in the matter," the company has said. https://economictimes.indiatimes.com/industry/cons-products/liquor/cag-report-alleges-underpayment-of-excise-duty-in-uttar-pradesh-by-radico-khaitan/articleshow/102937284.cms?from=mdr.

8. Liquor maker Radico Khaitan evaded Rs 1,078 crore tax: CAG *(millenniumpost.in)* August 21, 2023

In a shocking revelation, it has come to notice that liquor manufacturing company Radico Khaitan has evaded the tax of Rs 1,078 crore, including interest of Rs 482 crore, during the period of 2013-14 to 2019-20.

In its audit report, the Comptroller and Auditor General (CAG) of India has stated that the tax evasion to the tune of 1078.09 crore by Radico Khaitan Limited, Rampur was found during the examination of records of consumption figures of molasses, grain and barley malt and income tax returns of the assessee.

After comparing the consumption figures of molasses, grain and barley malt submitted by the assessee through statutory returns to the income tax department with the respective quantities depicted in the records of the Assistant Excise Commissioner (AEC), Lucknow, Radico Khaitan Limited, Rampur, the CAG noticed variations in the quantities disclosed in the records/returns submitted to the income tax department with those available in the Lucknow-based excise department of Uttar Pradesh.

The variations found in the consumed material indicate that the assessee had understated the consumption of inputs items in excise records involving excise revenue of Rs 595.75 crore on which interest of Rs 482.34 crore was leviable, the CAG said in its report no 4 of the year 2022 of Uttar Pradesh.

As per the findings of the CAG, molasses, grains and malt used as input material are fermented and distilled to obtain wash/spirit as an intermediate product, which is redistilled, compounded, blended, processed and diluted to produce final products like liquors and other intoxicants.

The CAG's audit team examined the records maintained in office of the assistant excise commissioner and Radico Khaitan Limited, Rampur for the period from 2013-14 to 2019-20 pertaining to various materials such as molasses, grain and barley malt used for manufacture of liquor. https://www.millenniumpost.in/big-stories/haryana-nuh-violence-accused-held-after-gunfight-530107?infinitescroll=1

9. Radico Khaitan refutes reports of tax evasion, says it lacks accuracy *(financialexpress.com)* 22 Aug 2023

After reports that Radico Khaitan evaded the tax of Rs 1,078 crore, including interest of Rs 482 crore, during the period of 2013-14 to 2019-20, the liquor manufacturing company said that there was lack of accuracy in the information. Radico Khaitan refuted the media reports, adding that the company has complied with all legal requirements including revenue laws of the country.

"In this regard, we wish to submit that Radico Khaitan has complied with all legal requirements including revenue laws of the country. We have not received any notice of any irregularity in the matter. Henceforth, we find lack of accuracy in the information presented in these media articles," it said in a regulatory filing. Earlier, reports said that the Comptroller and Auditor General (CAG) of India has allegedly pulled the company up over underpayment of excise duty by the firm.

According to media reports, the CAG of India, in its audit report, had stated that the tax evasion to the tune of Rs 1078.09 crore by the company was found during the examination of records of consumption figures of molasses, grain and barley malt and income tax returns.

After comparing the consumption figures of molasses, grain and barley malt submitted by the assessee through statutory returns to the income tax department with the respective quantities depicted in the records of the Assistant Excise Commissioner (AEC), Lucknow, Radico Khaitan, the CAG noticed variations in the quantities disclosed in the records/returns submitted to the income tax department with those available in the Lucknow-based excise department of Uttar Pradesh. https://www.financialexpress.com/business/industry/radico-khaitan-refutes-reports-of-tax-evasion-says-it-lacks-accuracy/3218268/

10. Power connections for tube wells: UP farmers charged GST illegally? PAG begins test audit *(hindustantimes.com)* Aug 22, 2023

LUCKNOW: Contrary to the law, farmers in Uttar Pradesh are believed to have been charged 18% goods and services tax (GST) on power connections of tube wells by discoms even as the principal accountant general (PAG) has begun an audit in Lucknow district as a test case, taking suo motu cognisance of media reports, people aware of the matter said.

The Madhyanchal Vidyut Vitaran Nigam Ltd (MVVNL), according to them, has already admitted to having recovered GST from all 15 farmers who were issued tube well connections in one of half a dozen rural distribution divisions in Lucknow between February 2022 and March 2023. The company is collecting details from other divisions in the district.

On July 26, 2018, the central government had announced exemption on 18% GST on services supplied by electricity distribution utilities by way of construction, commissioning or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer/agriculturalist for agriculture use.

In pursuance of the Union finance ministry’s notification, the UPPCL also issued its own notification communicating the centre’s orders to the field officials.

“Private tube well power connections issued to farmers by discoms stand exempted from the levy of GST with effect from July 27, 2018,” then UPPCL director (finance) Sudhanshu Dwivedi, said in the circular.

However a few months ago, UP Rajya Vidyut Upbhokta Parishad chairman AK Verma alleged that discoms were still recovering GST from farmers on the total estimated cost of tube well connections by manipulating the orders.

Taking suo motu notice of Verma’s press statement, the principal accountant general (PAG) office here began an audit in the Lucknow district on a test basis.

“As per newspaper reports, president of UP Consumer Council said electricity companies have deleted the order related to the cost data book of the commission (UP Electricity Regulatory Commission). By uploading wrong orders with arbitrary rates, power companies have collected more amount from farmers on the estimates of tube well connections while the GST is zero on tube well connections,” said the PAG office in its letter to the discom on August 9.

“In this regard, records related to private tube well connections of rural electricity distribution divisions situated in Lucknow district may please be provided to audit for scrutiny on a test check basis,” it added in the letter. The PAG sent a reminder too on August 15.

Now, the records provided to the PAG by the discom showed that all the 15 farmers, who had been provided tube well connections under the Chinhat distribution division in Lucknow, were charged the GST on the cost estimates.

As per the record made available by executive engineer, Chinhat division, Mukesh Singh, GST of ₹1,15,618 was recovered from 15 farmers on the total estimate worth ₹7,87,994 between February 15, 2022 and March 9, 2023.

Verma, who was first to flag the issue, said Chinhat division was just a test case. “When the audit is conducted across the state, thousands of farmers will be found to have been cheated by discoms by illegally recovering GST from them," he claimed and demanded that the excess amount be refunded to farmers immediately. https://www.hindustantimes.com/cities/lucknow-news/farmers-in-lucknow-charged-18-gst-on-power-connections-contrary-to-law-as-audit-reveals-discoms-manipulation-101692647058501.html

11. गाजियाबाद अथॉरिटी की जमीन पर कब्जा हुआ तो नपेंगे अधिकारी, कैग ने मांगी रिपोर्ट *(livehindustan.com)* 22 Aug 2023

गाजियाबाद विकास प्राधिकरण (जीडीए) की करीब 24 हेक्टेयर जमीन पर भूमाफिया का कब्जा है। इन भूमाफिया के खिलाफ प्राधिकरण अभियान चलाकर जमीन कब्जा मुक्त करा रहा है। अब प्राधिकरण की जमीन पर अतिक्रमण होने पर उस जोन के अधिकारी और कर्मचारियों पर भी कार्रवाई की जाएगी। जीडीए के आठ जोन हैं। इन जोन में प्राधिकरण की विभिन्न योजनाएं हैं, जिसमें करीब 24 हेक्टेयर जमीन पर भूमाफिया का कब्जा है। इसकी कीमत 500 करोड़ रुपये से अधिक है।

जीडीए अधिकारी बताते हैं कि इंदिरापुरम, वैशाली और कौशांबी में करीब 14 हेक्टेयर जमीन पर कब्जा था, जिसमें से सात हेक्टेयर से कब्जा खाली करवाया गया था। लेकिन यहां अभी भी सात हेक्टेयर जमीन पर कब्जा है। इसमें से करीब चार हेक्टेयर जमीन पर अब घनी आबादी रहती है। 2.5 हेक्टेयर पर कोर्ट का स्टे ऑर्डर है। ऐसे में सिर्फ आधा हेक्टेयर जमीन को खाली करवाया जाना संभव है।

इंद्रप्रस्थ योजना मेंकरीब 11 हेक्टेयर जमीन पर कब्जा है, जिसमेंसेपांच हेक्टेयर जमीन पर आबादी है। ऐसेमेंचार हेक्टेयर जमीन को ही खाली करवाया जाना संभव है। आनंद विहार बॉर्डर सेसटे चिकंबरपुर मेंभी प्राधिकरण की करीब 24 एकड़ जमीन पर अवैध निर्माण हो चुका है। इन सभी जमीन की कीमत 500 करोड़ सेअधिक बताई जाती है। अब जीडीए उपाध्यक्ष राकेश कुमार सिंह नेअधिकारियों को सख्त निर्देश दिए हैंकि वह अपनेजोन मेंकब्जेवाली जमीन को मुक्त कराए। साथ ही भविष्य मेंप्राधिकरण की जमीन पर कोई कब्जा ना हो सके। अगर ऐसा होता हैतो संबंधित अधिकारियों और कर्मचारियों पर कार्रवाई की जाएगी।

कैग ने भी मांगी थी कब्जेवाली जमीन की रिपोर्ट

कैग ने जीडीए का सरकारी जमीन पर कब्जा छुड़वाने को लेकर किए गए प्रयास का ऑडिट किए जाने का फैसला था। इसको लेकर कैग की तरफ से जीडीए से पिछले पांच साल में अवैध निर्माण के खिलाफ की गई कार्रवाई और सरकारी संपत्ति पर कितने जमीन को कब्जे से मुक्त करवाया गया है इसकी पूरी डिटेल रिपोर्ट मांगी गई थी। https://www.livehindustan.com/ncr/story-ghaziabad-corporation-to-take-action-on-officer-encroachment-cag-seek-report-8607042.html

12. CAG finds out serious failure of SRIT in management of KFON; suggests to convey an explanation *(english.janamtv.com)* 21 Aug 2023

Thiruvananthapuram: The Comptroller and Auditor General (CAG) report reveals that SRIT has been responsible for significant lapses in the management of the Kerala Fibre Optic Network (KFON) project. The audit findings highlight that SRIT's shortcomings are directly linked to the inefficient performance of KFON. Furthermore, the CAG audit report indicates that officials from SRIT acknowledged these lapses during a meeting convened by Bharat Electronics, the entity overseeing project execution.

Despite KFON being a project initiated by the Kerala government, its operations are entrusted to the private firm SRIT. The private company has been granted extensive authority over KFON. In a review session held on January 18th of this year, Bharat Electronics—an entrusted public sector organisation overseeing project implementation—raised serious concerns regarding SRIT's inadequacies.

A glaring disparity exists between the required workforce to execute the KFON scheme and the actual number of employees currently engaged. Regrettably, a significant portion of these personnel are not actively contributing. Moreover, SRIT's oversight over subcontracted firms is notably lacking. The evaluation process for task prioritisation has also proven to be notably ineffective.

The CAG report calls upon KFON to provide an explanation regarding the identified lapses attributed to SRIT within the scope of the KFON project.
https://english.janamtv.com/news/kerala/69727/cag-finds-out-serious-failure-of-srit-in-management-of-kfon-suggests-to-convey-an-explanation/

13. Loss of Rs 36.65 cr by not levying interest on advance payment, says Kerala AG on KFON project *(mathrubhumi.com)* 21 Aug 2023

Thiruvananthapuram: In a setback for the cash-strapped Kerala Government, the Accountant General (A&E) observed that the state incurred a loss of Rs 36.35 crore by paying Rs 109.38 crore in advance to the Bell consortium contracted for the Kerala Fiber Optic Network (KFON) project.

Furthermore, AG sought an explanation from Kerala State Information Technology

Infrastructure Limited (KSITIL) over the failure to collect interest from the private firm.

However, KSITIL responded that the amount due as interest has been deducted from the bill of Bell Consortium. The authorities also stated they have formally replied to the query raised by the AG.

Earlier, the state government struck a deal worth Rs 1351 crore with Bell Consortium for the implementation of the KFON project that aims to provide high-speed Internet connectivity in Kerala.

Of the total amount, ten per cent was issued as mobilization advance --a fixed/agreed sum of money paid to a contractor with whom the agreement has been signed, with terms and conditions.

However, as per Store Purchase Manual 2013, interest should be levied on Mobilization Advance. If the decision is to waive off interest, the Central Vigilance Commission clearly stipulates that the contracting entity's board meeting must approve it.

However, the contract struck by the company and the government contains no reference to mobilisation advance. According to reports, former Additional Private Secretary to Kerala Chief Minister M. Sivasankar verbally instructed KSITIL to distribute the funds to Bell Consortium.

Furthermore, KSITIL's financial adviser also urged that if such an advance was paid to the company, the government should levy 3 per cent more in interest than the base rate charged by SBI.

In the letter seeking an explanation from KSITIL, the AG mentioned that the government has incurred a loss of Rs 36,35,57,844 by not heeding to the advice. Further, AG notes that government is yet to recover the money.
Meanwhile, the government failed to comply with the Vigilance Commission's directive to mandate a bank guarantee of 110% from the private firm for receiving the mobilisation advance. https://english.mathrubhumi.com/news/kerala/loss-of-rs-36-65-cr-by-not-levying-interest-on-advance-payment-says-kerala-ag-on-kfon-project-1.8839905

SELECTED NEWS ITEMS/ARTICLES FOR READING

14. 306 Big Wilful Defaulters, with an Outstanding of Rs100 Crore and above Owe Nearly Rs1.40 Lakh Crore to Banks *(moneylife.in)* 21 August 2023

As many as 369 big defaulters, with an outstanding of Rs100 crore and more, owe more than Rs1.39 lakh crore to scheduled commercial banks and all-India financial institutes (AIFI). Gitanjali Gems Ltd, owned by fugitive businessman Mehul Choksi, remains the top wilful defaulter with an outstanding of Rs8,065 crore as of 31 March 2023, reveals a reply received under the Right to Information (RTI) Act.

According to information received under RTI by social activist Vivek Velankar, 2,491 wilful defaulters owe Rs2.05 lakh crore to banks. Out of this, 28 wilful defaulters of public sector banks (PSBs), who have an outstanding of Rs1,000 core and above, owe Rs64,103 crore.

Wilful defaulters, who owe Rs500 crore to Rs1,000 crore are 33, and their dues are Rs22,545 crore. As many as 244 wilful defaulters, in the range of Rs100 crore to Rs500 crore owe Rs53,284 crore. The number of wilful defaulters who owe between Rs50 crore to Rs100 crore is 252, and together, they have an outstanding of Rs17,491 crore, while 1,438 wilful defaulters owe less than Rs50 crore to banks, the analysis done by Mr Velankar shows.

Topping the list is Mr Choksi's scam-hit company, Gitanjali Gems, which owed Rs8,065 crore, besides other group companies, Gili India Ltd and Nakshatra Brands Ltd, which had taken loans of Rs1,447 crore and Rs1,280 crore, respectively.

The second wilful defaulter on the list is Era Infra Engineering Ltd which owes Rs5,750 crore to Indian lenders.

ABG Shipyards Ltd, with an outstanding of Rs4,774 crore, is the third defaulter on the list. It is followed by REI Agro Ltd, with dues worth Rs4,754 crore. Its directors, Sandip

Jhujhunwala and Sanjay Jhunjhunwala, have already been under the scanner of the enforcement directorate (ED) and central bureau of investigation (CBI) for the past few years.

The following two on the list are Concast Steel and Power Ltd (Rs3,911 crore) and Kanpur-based writing instruments giant Rotomac Global Pvt Ltd, part of the famed Kothari group, which owed Rs2,894 crore.

It is followed by absconding diamantaire Jatin Mehta's Winsome Diamonds & Jewellery, owing Rs2,706 crore and probed by the CBI for various bank frauds. Winsome Diamonds and its founder Jatin Mehta, with his wife Sonia and two sons Vipul and Suraj, vanished from India and have never returned, leaving behind a loan default documented at Rs6,800 crore, but could be more.

Frost International Ltd (Rs3,311 crore), Shri Lakshmi Cotsyn Ltd (Rs2180 crore) and Gwalior-based Zoom Developers Pvt Ltd, with Rs1,982 crore, are among the top 10 wilful defaulters.

Borrower/Customer Name	Amount Owed* (in Rs Crore)
Gitanjali Gems Ltd	8065
Era Infra Engineering Ltd	5750
Abg Shipyard Ltd	4774
Rei Agro Ltd	4754
Concast Steel & Power Ltd	3911
Rotomac Global Private Ltd	2894
Winsome Diamonds And Jewellery Ltd	2706
Frost International Ltd	2518
Shri Lakshmi Cotsyn Ltd	2180
Zoom Developers Pvt Ltd	1982

Amount Owed=(Total Funded Amount Outstanding + Amount technically/prudentially Written Off - Outstanding in memo/shadow heads, etc)

In his RTI, Mr Velankar also asked for information on wilful defaulters of State Bank of India (SBI). The reply given by RBI shows that 496 wilful defaulters owe Rs24,680 crore to SBI.

"Banks claim they have filed cases against these wilful defaulters to recover their dues. However, the overall experience, over the years, is that banks are taking sizeable haircuts while recovering dues from wilful defaulters," Mr Velankar, who is also the president of Pune-based Sajag Nagrik Manch, says.

When it comes to sharing names of big wilful defaulters, except a few, most banks refuse to provide the information using fictitious reasons. Only four banks, Punjab National Bank (PNB), IDBI Bank Ltd, Canara Bank and Bank of Maharashtra (BoM), have published the list of wilful defaulters on their websites.

"Union Bank of India (UBI) shared the list of wilful defaulters under RTI. However, all other PSBs, including SBI (where I am a shareholder too), neither publish names of wilful defaulters on their websites nor share the information under RTI. They use excuses like 'commercial confidence' and 'fiduciary relations' for not sharing names of wilful defaulters," Mr Velankar says.

The analysis by Mr Velankar shows nine big, wilful defaulters have taken loans from more than one bank or lender. It includes Concast Steel, Best Foods Ltd, Wind World (I) Ltd, BS Ltd, Rei Agro, Siddhivinayak Logistics Ltd, Gitanjali Gems, Moser Baer (l) Ltd and Shri Lal Mahal Ltd. These nine wilful defaulters owe Rs4,409 crore to SBI and Rs22,117 crore to other banks.

"While lending a few lakh rupees to a common borrower, banks ask to mortgage assets. When a common borrower takes a loan from one bank, others refuse to lend him more money. The board of directors of the banks sanctions clear loans of 100s of crores and above. In that case, how will it help to file only court cases for recovery? Who and when are we going to fix the responsibility of the bank boards? Will there be any inquiry by ED or CBI in these cases," he asks.

During the past five financial years, PSBs have made an aggregate recovery of Rs4,80,111 crore from the non-performing assets (NPAs) accounts and upgradation of NPAs of Rs1,45,356 crore. However, most PSBs refuse to share the names of big defaulters whose loans were settled through the national company law tribunal (NCLT), where these lenders have to accept a haircut on the outstanding.

While maintaining its new tradition of hiding the names of big defaulters, SBI accepted it took a haircut of about 63% or Rs74,886 crore while settling loans worth Rs1,18,677 crore through NCLT.

The stubborn refusal to share information by SBI and other PSBs is surprising since they have no problem with confidentiality when it comes to small borrowers. All lenders regularly publish recovery advertisements in the newspapers with personal details and photos of smaller borrowers who have defaulted. The stubborn protection of big borrowers or large defaulters under various pretexts is baffling.

An aggrieved Mr Velankar asks, "When a common borrower defaults, the same banks publish his name and all details through advertisements in newspapers. Then, why do they want to keep the names of big defaulters hidden under the privacy clause? Why doesn't the 'privacy' clause apply while publicising names of common borrowers?"

During the past five financial years, scheduled commercial banks (SCBs) wrote off bad debts worth Rs10.09 lakh crore. As per data provided by RBI (Reserve Bank of India), PSBs have recovered Rs4.80 lakh crore, including the recovery of Rs1.03 lakh crore from written-off loans during the same period, the Lok Sabha was informed in December last year.

In a written reply, Dr Bhagwat Karad, minister of state for finance, says, "In the last five financial years, the PSBs have made an aggregate recovery of Rs4,80,111 crore from NPA accounts and upgradation of NPAs of Rs1,45,356 crore. Further, slippages into NPAs have reduced from Rs3,38,710 crore for FY16-17 to Rs1,44,315 crore for FY21-22, all of which has resulted in a decline of NPAs."

"The decline in NPAs can also be due to write-off, which is primarily an exercise undertaken for cleaning of balance-sheet, avail of tax benefit and optimise capital by PSBs, as per RBI guidelines and banks' board approved policies," he added. https://www.moneylife.in/article/306-big-wilful-defaulters-with-an-outstanding-of-rs100-crore-and-above-owe-nearly-rs140-lakh-crore-to-banks/71751.html

15. Economic transformation and AI: Artificial Intelligence will be a key pillar to ensure that the Indian economy is in the global top three *(financialexpress.com)* Aug 22, 2023

In an era characterised by relentless technological advancement, a nation's growth trajectory hinges on its ability to harness the power of artificial intelligence (AI). Goldman Sachs reported that generative AI could raise global GDP by 7%. By 2030, this AI-driven intelligence economy might add $15.7 trillion of new economic value, per PWC research.

With its burgeoning tech industry, diverse and large data pool, and remarkable human capital, India stands at the precipice of an economic transformation that could either propel it to global leadership or condemn it to follow in the wake of other trailblazers. As political decision-makers, the imperative to recognise and seize this opportunity cannot be overstated in view of India's bid to become one of the top three economies of the world. The availability of the DEPA Training Cycle and the passing of the DPDP Bill in Parliament open the door to immediate and strategic action via the creation of a large AI economy.

The AI imperative for global competitiveness

India's demographic dividend of 900 million plus people is no secret, but it must be coupled with technological prowess to ensure a multiplier effect for sustained growth. As global economies increasingly pivot towards AI-driven industries, overlooking this shift risks consigning India to a secondary role on the global stage. To maintain competitiveness, India must embrace AI not merely as a tool but as the very foundation of its economic strategy going forward. It must ensure that it is not just a consumer of AI but a critical creator of AI. In fact, it must aim to emerge as one of the three AI superpowers in the world.

Safe AI leadership depends on data

India's DEPA training makes privacy-preserving collaboration between training dataset providers and modellers (called training dataset consumers) possible at a large scale, which is a critical element in AI journey. The DEPA system does not rely on hard-to-implement enforcement of legal covenants around anonymised datasets, as is the case in countries like the US, where AI companies are fighting constant litigation. Instead, it depends on computational privacy guarantees in the use of aggregated datasets. This is core to enabling safe AI systems, built with reliable and traceable access to datasets. Then, it can be deployed quickly with human alignment that India can provide with its billion plus users. As India begins to unlock continental-scale datasets using this system, it will give rise to a vibrant ecosystem of AI modellers. This dataset advantage in AI is not to be underestimated. By focusing on early and safe AI adoption, India can secure a foothold in these sectors, attracting global investment and cementing its position as an innovation hub whose AI innovations would be adopted by societies around the world.

Addressing socioeconomic disparities

Harnessing AI's potential can also serve as a powerful tool to address India's socioeconomic disparities. AI-driven solutions can optimise resource allocation, improve public service delivery, reduce cost of access, and create job opportunities across urban and rural areas. With massive 5G rollout, the possibility of digital global work aided by AI is here. It can dramatically bring income opportunity to rural and smaller cities if we can bring in Indic language AI tools, which lower the bar for participating in the global workflows. By proactively leveraging AI to bridge gaps and enhance productivity, India's leadership can demonstrate a commitment to inclusive growth and lay the foundation for a more equitable society. All the while reducing strains of growing urbanisation, which might be disastrous for its overburdened large cities.

The gameplan for AI leadership

DEPA training will safely and responsibly unlock the collaboration between Indian training dataset providers and modellers. We have the talent already and the market scale to execute reinforcement learning with humans in the loop. What we lack is tensor-scale computing enabled for industry, startups, academia and the government itself. The government of India must address this by enabling the creation of many, not one, tensor-scale GPU cloud providers. There are many ways to do this: challenge grants, viability-gap funding for cloud providers, and matching grants for modellers. We favour the matching grants method for effectiveness, transparency, and competition. In addition, we must seek to create AI on the edge compute ecosystem for a strategic future.

Collaborative diplomacy and global alliances

AI does not recognise national borders, and collaboration is key to advancing the field. At the same time, we must recognise that Nvidia H100 boards are already on the US export control list for China. The US might leverage its muscle further at some time in the future. We must therefore have a strategic perspective in making our aggregate AI capability and datasets available to others based on a principle of reciprocity. We must build careful alliances with a broad set of players in the US, EU, and Asia that will accelerate India's AI capabilities but also position the nation as a global AI thought leader.

The consequences of inaction

The consequences of neglecting AI's potential are dire. India risks becoming a mere consumer of AI technologies, ceding economic leadership to countries that have embraced AI as a strategic priority. China, our neighbour, has famously vowed to be the sole AI superpower by 2030. This passivity could lead to missed opportunities, economic stagnation, and a loss of global influence. It may even result in India failing to breach the top three economies, , as we might have to buy both oil and artificial brains, draining our resources for welfare schemes for our large population. That could risk demographic disaster instead of demographic dividend.

In the rapidly evolving landscape of the AI economy, the choices made today will reverberate for generations. As custodians of India's future, we must recognise the urgency of embracing AI as a lynchpin of economic growth. The time to act is now. We must catalyse innovation, ensure global competitiveness, and create a prosperous future where India's leadership is defined not by its past but by its capacity to shape the AI-powered future world decisively. https://www.financialexpress.com/opinion/economic-transformation-and-ai-artificial-intelligence-will-be-a-key-pillar-to-ensure-that-the-indian-economy-is-in-the-global-top-three/3217771/

16. Thermal power capex warms up *(moneycontrol.com)* Aug 22, 2023

Is the tide finally turning for thermal power utilities? The market seems to think so. Shares of NTPC and BHEL hit new 52-week highs early this month and have remained at those levels. Cumulatively, NTPC is up 41 percent in the past one year while BHEL has almost doubled from a low base.

These two companies operate in different segments of the power sector, but they share a common theme--rising demand for electricity is driving the need for thermal capacity addition.

On August 21, BHEL announced a Rs 4,000 crore order win for the supply of 1,600 megawatt (MW) equipment for a supercritical thermal power plant. The sector saw the last major thermal EPC (engineering, procurement & construction) order after three years in FY23--the 1,320 MW NTPC Talcher power plant EPC contract won by BHEL. What's more, BHEL has several more thermal power projects in the biddin.g pipeline and prospects seem to be improving.

The government has directed Coal India to identify de-coaled land for establishing new pithead thermal power plants, reports Moneycontrol. The company is in the process of setting up two power plants. Besides, NLC (Nevyeli Lignite Corporation) is setting up two power plants. Together, the state-owned coal mining PSUs are projected to install over 6,600 MW of power capacity by FY29 entailing a total investment of about Rs 60,300 crore, points out Antique Stock Broking.

Apart from coal mining PSUs, state discoms and power producers such as NTPC, Adani Power too has sizeable capacity addition lined up. With BHEL maintaining a dominant share in project installations in India, the company is well placed to win new orders. "We are expecting 24,000–35,000 MW of fresh thermal ordering over the next 4–5 years in a duopoly market (BHEL & L&T)," analysts at Nuvama Institutional Equities said in a note.

For NTPC, the increasing need for thermal power capacity to meet base load demand is increasing the commercial value of its existing power plants and opening up new opportunities. The company plans to leverage its large capacity base to add new plants.

It is looking to construct 7,000 MW of additional coal-based capacity as brownfield projects by 2030.

While NTPC is also planning a rapid green energy transition, investors should keep a tab on thermal power capacity additions and order inflows at BHEL. Note that unlike the unbridled expansion in the previous upcycle, capacity additions in the thermal power sector are now being driven by incremental demand needs. So, order inflows can be gradual. Much also depends on the evolution of storage technologies. Successful deployment of large-scale storage projects at a favourable cost can reduce future need to set up coal-based power plants. https://www.moneycontrol.com/news/opinion/moneycontrol-pro-panorama-thermal-power-capex-warms-up-11235801.html