

NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Parl panel asks about '50 missing monuments', recommended urgent survey by ASI (*moneycontrol.com, ptinews.com*) 22 September 2023

The report by the Department-related Parliamentary Standing Committee on Transport, Tourism and Culture was presented to the Rajya Sabha and tabled in the Lok Sabha on September 21.

A Parliamentary panel has asked about the "50 missing centrally-protected monuments" and recommended an "urgent survey" of all remaining monuments by the Archaeological Survey of India to ensure their physical existence.

The report by the Department-related Parliamentary Standing Committee on Transport, Tourism and Culture was presented to the Rajya Sabha and tabled in the Lok Sabha on September 21.

In the report, the Committee has noted that the CAG had declared 92 centrally-protected monuments as "missing". The ASI has located 42 of these monuments. The remaining 50 monuments are either affected by rapid urbanisation, submerged under reservoirs or dams, or are untraceable.

The Committee, in the action taken report, said it "desires to know about the fate of 50 missing centrally-protected monuments" and recommends the ministry to direct the ASI to initiate an "urgent survey of CPMs in light of the lack of physical security and missing of monuments instead of making it 'as and when' matter based on the inputs of ASI field officers".

The committee observed that monuments once lost cannot ever be retrieved. The centrally-protected monuments (CPMs) are a "vital piece of our historical heritage", the report said. The ASI should, therefore, give the "highest priority" to ensuring the physical security of all CPMs across the country, the report added.

The Committee recommended that the Culture Ministry conduct a survey of all monuments to ensure their physical existence.

The ministry informed the panel that "taking up survey or exploration to identify and document antiquarian remains, monuments of ancient sites is a continuous phenomenon taken up by ASI through its field offices".

The Committee had earlier also desired to be apprised of the projected date and cost of completion of the project 'Art work in new Parliament Building', according to the action taken report.

"As far as the projected date of completion of the project 'Art work in new Parliament Building' is concerned, the first phase of the art work in the new Parliament Building has been completed successfully by the IGNCAs", and the new Parliament building was recently inaugurated by the Prime Minister.

The IGNCA has committed to ensure optimal utilisation of funds during the financial year 2023-24, the Ministry of Culture informed the panel.

The ministry also informed the Committee that it has received a request from Aranmula Heritage Trust to include the cultural heritage of Aranmula in the national list of ICH (intangible cultural heritage).

Accordingly, the ministry has directed SNA (Sangeet Natak Akademi), the nodal agency for promoting Intangible Cultural Heritage under UNESCO, to consider the Aranmula Mirror making in the national inventory, so as to make it eligible for possible future inscription in UNESCO ICH, the ministry informed the panel.

It is a unique metal mirror made in Aranmula, a quaint temple town in the heart of Pathanamthitta district in Kerala. Kannadi in Malayalam means mirror and with its origins at Aranmula, it gets the name "Aranmula Kannadi".

Made by the finest craftsman for generations, the magical potion of making it from an alloy of tin and copper still remains a secret confined to the family handed down only to their descendants, according to Kerala Tourism website. The "Three Hundred Fifty Seventh Report on 'Development of Niche Tourism (including Spiritual Tourism), Theme-based Tourist Circuits and Potential Tourist Spots'" by the panel was also presented to the Rajya Sabha and laid on the table of the Lok Sabha on Thursday.

The Committee in this report has said that it is "at a loss to note that the 2022 list of the United Nations World Tourism Organisation (UNWTO) featuring the 32 best tourism villages from 22 countries, does not contain a single village from India while several countries have two villages in the list, and Spain having even three villages" The Committee desires to be informed about the number of Indian villages which were nominated for the selection by the UNWTO. The Committee notes that Khonoma in Nagaland has been selected for the "Upgrade" programme which would enable the village to receive the necessary support from the UNWTO to improve its conditions to meet the selection criteria.

The Committee wishes to know the efforts being taken for the development of Khonoma after its inclusion in the upgrade list of the UNWTO. The Committee also desires to know as to how many Indian villages have so far been selected by the UNWTO in its best tourism villages list and the impact of such selection on the village tourism, it added.

On wedding tourism, the Committee has recommended that "apart from development of infrastructure and facilities to support the growth of wedding tourism, the (Tourism) Ministry may also facilitate easy and uniform process of registration of marriages in every state of India even for couples belonging to other states". <https://www.moneycontrol.com/news/politics/parl-panel-asks-about-50-missing-monuments-recommended-urgent-survey-by-asi-11406321.html>

2. **Inside Indian aviation's high-stakes battle** (*livemint.com*) 21 Sep 2023

New Delhi: By 2014, a controversy around bilateral foreign flying rights—air service agreements between two countries—was simmering in India. A few years earlier, the Comptroller and Auditor General (CAG) had, in a report, questioned the liberal award of such rights by the ministry of civil aviation to many countries, especially those in the Middle East. This impacted Air India, then India's state carrier, the CAG report pointed out. The struggling airline was living on taxpayers' money. In 2012, the government approved a bailout package that totalled ₹30,231 crore.

In an ideal world, bilateral rights are supposed to help airlines from both sides. It allows airlines from respective countries to operate flights within a quota. For instance, India and Dubai have a bilateral agreement that allows airlines from each side to operate flights totalling 66,000 seats per week.

Why did it put Air India at a disadvantage? Travellers don't just fly from country A to country B. They may need a connecting flight to a third country. International carriers operate through large hubs in their home countries and simply take passenger traffic originating in India away, beyond their home bases. In aviation parlance, it is known as 'sixth freedom traffic'.

The Bharatiya Janata Party-led National Democratic Alliance began to deliberate on the rights soon after winning the general elections in 2014. Narendra Modi was yet to be sworn in as the Prime Minister. One day in May 2014, at the Gujarat Bhawan in New Delhi, he wanted to be briefed on key political issues. The award of foreign flying rights came up in one of the presentations made.

"It was clear from those initial discussions that the policy on bilaterals will get stringent, going ahead. It would not be as liberal as earlier," said a person involved in those discussions during the time. He did not want to be identified.

Subsequently, most bilateral foreign flying requests were refused, particularly from countries that operate bigger and stronger airlines.

The strategy worked, at least to some extent. Data analysed by Mint shows that Indian carriers now have more passenger share of the international traffic, to and from India. The market share of Indian carriers has inched up to 44% in 2022-23 from about 40% in 2018-19. Meanwhile, the share of foreign carriers reduced to 56% from about 60% in the same period.

Indian carriers were able to increase their share despite Jet Airways going out of business. In 2018-19, Jet had a little over 12% of the total international market. The airline ceased operations in April 2019.

So, which airline gained the most?

IndiGo's rise

The void created by Jet Airways was filled by InterGlobe Aviation (IndiGo), which registered a huge jump of 82% in terms of international passengers carried (8,539,158), between 2018-19 and 2022-23.

IndiGo's international expansion strategy has been three-pronged—expand on its own, through code shares, and through leased Boeing 777 aircraft from Turkish Airlines. Boeing 777 is a wide-body plane and they feed the traffic to Istanbul. Wide-body aircraft has two aisles inside and fly long distances.

The airline's codeshare partners include Air France—KLM, American Airlines, Virgin Atlantic, Qatar, Qantas, and Turkish Airlines.

"We have 33 European destinations that we are able to sell via our codeshare with Turkish. In addition, we are seeing a huge amount of traffic via the Istanbul gateway to these destinations," Vinay Malhotra, head of global sales at IndiGo told Mint.

Malhotra added that IndiGo's strategy will be to develop new international markets from India. Flights to destinations such as Tbilisi, Baku, Tashkent and Almaty are in the pipeline. "These are not the traditional routes that Indians fly to. We are adding newer destinations. These are all touristy places. Of course, tourism and trade are almost hand in glove," he said.

Analysts, however, say that IndiGo's international strategy needs more wide-body planes. "IndiGo needs to have a wide body induction plan to be able to sustain international growth beyond codeshares," said Mark Martin, founder and CEO at Martin Consulting, an aviation consultancy.

The airline company is set to order 25 wide-body aircraft, Mint reported in April this year. Malhotra did not confirm but said that the company will start inducting Airbus A321 XLRs from 2025 onwards. About 70 XLRs are expected to be delivered.

A321 XLRs are single-aisle planes but can fly longer distances—IndiGo, for instance, can fly from Delhi to Amsterdam, which takes about 8 hours. IndiGo's fleet today consists of Airbus 320 and 321s, which can fly shorter distances.

"With XLRs, we will be able to reach many more destinations than we fly to today, non-stop. It will open a plethora of opportunities for our travellers and for us as an airline," he added.

Air India, the big brother

Air India, meanwhile, will play the role of a big brother in the international skies. Its network spans across the globe.

The Indian government sold its stake in Air India to the Tata Group in January 2022. Soon after, the conglomerate announced a deal to purchase 470 aircraft. The order includes 70 wide-body aircraft. This will add to the 45 wide-body planes Air India already operates; Vistara, another Tata airline, operates seven of these big planes. Vistara will merge into Air India by next year.

Air India's plan, however, is not just limited to long-haul routes. It wants to expand aggressively in the short-haul international network through Air India Express, a low-cost subsidiary of Air India.

"Both the low-cost and the full-service network will complement each other," said an executive from the group. He didn't want to be identified.

Hub dreams

In conclusion, IndiGo and Air India are the two big engines of India's new aviation story. While they stand to benefit the most from the government's strategy on bilaterals, there is a good chance of some Indian airports emerging as international transit hubs.

With growing share of international passenger traffic, IndiGo recently reported that more passengers are also transiting through Indian airports. "Earlier, the Indian airports were merely destination airports. Today, there's a rising trend of people flying in from other countries to Delhi, Mumbai, Hyderabad and Kolkata. They take an onward flight without exiting any Indian city," Malhotra said. Examples include travellers flying on routes such as Dubai-Bangkok, Bahrain-Phuket, Kuwait-Phuket, Sharjah-Jeddah, Dhaka-Riyadh, and Kathmandu-Far East.

In terms of infrastructure, Indian airports are getting better and bigger. As Indian airlines offer more seamless connections, the country's hub dreams are likely to take wing.

<https://www.livemint.com/news/india/indigo-and-air-india-gain-market-share-in-india-s-aviation-industry-amidst-stricter-bilateral-flying-rights-11695319143215.html>

STATES NEWS ITEMS

3. Gujarat failed to meet allocation for capital expenditure in 5 years: CAG (*newindianexpress.com*) 22 September 2023

AHMEDABAD: The Gujarat government could not meet the budgetary allocation for Capital Expenditure (CE) in any year during the five-year period (2017-22), according to the state finance audit report of the Comptroller and Auditor General of India (CAG) for the year ended March 31, 2022.

Capital expenditure refers to the part of the government's expenditures that is designated for long-term investments in physical and financial assets. These expenditures are intended to create or improve assets that will give advantages over time, rather than being utilized for day-to-day operational expenses.

This expenditure includes infrastructure development, the creation of assets and social sector projects. However, the state finance audit report of CAG for the year ended March 31, 2022, stated that the state government could not meet the budgetary allocation for CE in any year during the five-year period (2017-22).

Himani Baxi, Assistant Professor of Economics at PDEU University, Gandhinagar, said: "If CE is lowered, or not used, it cannot produce an asset; because of this

employment generation is also lowered; and if people do not obtain jobs, how will they spend? Therefore capital expenditure has multiplier effects.”

According to CAG’s State finance audit report, Gujarat’s CE increased from Rs 26,313 crore in 2017-18 to Rs 28,185 crore in 2021-22.

Of the total CE of ₹28,185 crore incurred in 2021-22, indicating a rise of growth rate of 7.11 %. The CE rose by 5.24 % between 2020-21 and 2021-22. Considering the inflation rate of 4.9% for the year 2021-22 the net increase is only 0.34% (according to the Handbook of Statistics on Indian States, RBI November 2022).

The capital expenditure (CE) to Total Expenditure (TE) ratio has decreased from 18.15% in 2017-18 to 14.86% in 2021-22. Furthermore, the share of CE in state GDP has been dropping. It declined from 1.98% in 2017-18 to 1.45% in 2021-22.

Assistant professor of economics of St. Xavier College, Ahmedabad, Atman Shah said “The government expects to spend ₹ 1152.35 crore on education in 2021-22. However, only half of this sum, ₹ 606.33 crore, was spent. According to the CAG report, the State Government was unable to satisfy the budgetary allocation for Capital Expenditure in any year during the five-year period (2017-22).”

“The increase in health capital expenditure is offset by a decrease in education spending. However, the fiscal allocation for education and health has increased significantly in 2022-23 and 2023-24. However, how much the government will actually spend is a matter of concern.” Atman Shah said

Prof Himani Baxi explained the loss of capital expenditure saying, “It also affects Social development and physical infrastructure development, it also affects GDP growth rate when you fail to build good state highways, once Capital expenditure incurred on the physical infrastructure, so you are able to build either less physical infrastructure, so your GDP growth might have suffered, but in the last five years how much it effects on Gujrat GDP is difficult to say due to Covid period.”

“When Capital expenditure incurred on social infrastructure like making hospitals and schools sanitation when it cut down it affects social developments,” she added. <https://www.newindianexpress.com/nation/2023/sep/22/gujarat-failed-to-meet-allocation-for-capital-expenditure-in-5-years-cag-2617183.html>

4. गुजरात 5 वर्षों में पूंजीगत व्यय के लिए आवंटन पूरा करने में विफल रहा: CAG (jantaserishta.com) 22 Sept 2023

भारत के नियंत्रक और महालेखा परीक्षक (CAG) की राज्य वित्त लेखा परीक्षा रिपोर्ट के अनुसार, गुजरात सरकार पांच साल की अवधि (2017-22) के दौरान किसी भी वर्ष पूंजीगत व्यय (CE) के लिए बजटीय आवंटन को पूरा नहीं कर सकी। 31 मार्च 2022 को समाप्त वर्ष के लिए।

पूंजीगत व्यय से तात्पर्य सरकार के व्यय के उस हिस्से से है जो भौतिक और वित्तीय संपत्तियों में दीर्घकालिक निवेश के लिए निर्दिष्ट है। इन व्ययों का उद्देश्य ऐसी परिसंपत्तियों का निर्माण या सुधार

करना है जो दिन-प्रतिदिन के परिचालन खर्चों के लिए उपयोग किए जाने के बजाय समय के साथ लाभ देगी।

इस व्यय में बुनियादी ढांचे का विकास, परिसंपत्तियों का निर्माण और सामाजिक क्षेत्र की परियोजनाएं शामिल हैं। हालाँकि, 31 मार्च, 2022 को समाप्त वर्ष के लिए CAG की राज्य वित्त लेखा परीक्षा रिपोर्ट में कहा गया है कि राज्य सरकार पाँच साल की अवधि (2017-22) के दौरान किसी भी वर्ष CE के लिए बजटीय आवंटन को पूरा नहीं कर सकी।

पीडीईयू विश्वविद्यालय, गांधीनगर में अर्थशास्त्र की सहायक प्रोफेसर हिमानी बक्सी ने कहा: “यदि सीई को कम किया जाता है, या उपयोग नहीं किया जाता है, तो यह संपत्ति का उत्पादन नहीं कर सकता है; इसके कारण रोजगार सृजन भी कम हुआ है; और यदि लोगों को नौकरियाँ नहीं मिलेंगी तो वे खर्च कैसे करेंगे? इसलिए पूंजीगत व्यय का कई गुना प्रभाव पड़ता है।”

सीएजी की राज्य वित्त ऑडिट रिपोर्ट के अनुसार, गुजरात का सीई 2017-18 में 26,313 करोड़ रुपये से बढ़कर 2021-22 में 28,185 करोड़ रुपये हो गया।

2021-22 में 28,185 करोड़ के कुल सीई में से 7.11% की वृद्धि दर का संकेत मिलता है। 2020-21 और 2021-22 के बीच CE में 5.24% की वृद्धि हुई। वर्ष 2021-22 के लिए मुद्रास्फीति दर 4.9% को ध्यान में रखते हुए शुद्ध वृद्धि केवल 0.34% है (भारतीय राज्यों पर सांख्यिकी की हैंडबुक, आरबीआई नवंबर 2022 के अनुसार)।

पूंजीगत व्यय (सीई) और कुल व्यय (टीई) अनुपात 2017-18 में 18.15% से घटकर 2021-22 में 14.86% हो गया है। इसके अलावा, राज्य सकल घरेलू उत्पाद में सीई का हिस्सा गिर रहा है। यह 2017-18 में 1.98% से घटकर 2021-22 में 1.45% हो गई।

सेंट जेवियर कॉलेज, अहमदाबाद के अर्थशास्त्र के सहायक प्रोफेसर, आत्मान शाह ने कहा, “सरकार को 2021-22 में शिक्षा पर 1152.35 करोड़ रुपये खर्च करने की उम्मीद है। हालाँकि, इस राशि का केवल आधा हिस्सा, ₹ 606.33 करोड़, खर्च किया गया था। सीएजी रिपोर्ट के अनुसार, राज्य सरकार पांच साल की अवधि (2017-22) के दौरान किसी भी वर्ष पूंजीगत व्यय के लिए बजटीय आवंटन को पूरा करने में असमर्थ रही।

“स्वास्थ्य पूंजीगत व्यय में वृद्धि की भरपाई शिक्षा व्यय में कमी से होती है। हालाँकि, 2022-23 और 2023-24 में शिक्षा और स्वास्थ्य के लिए राजकोषीय आवंटन में उल्लेखनीय वृद्धि हुई है। हालाँकि, सरकार वास्तव में कितना खर्च करेगी यह चिंता का विषय है। आत्मान शाह ने कहा प्रोफेसर हिमानी बक्सी ने पूंजीगत व्यय के नुकसान के बारे में बताते हुए कहा, “यह सामाजिक विकास और भौतिक बुनियादी ढांचे के विकास को भी प्रभावित करता है, जब आप अच्छे राज्य राजमार्गों का निर्माण करने में विफल रहते हैं, तो यह जीडीपी विकास दर को भी प्रभावित करता है, एक बार भौतिक बुनियादी ढांचे पर पूंजीगत व्यय होता है, तो आप सक्षम होते हैं या तो कम भौतिक बुनियादी ढांचे का निर्माण करें, इसलिए आपकी जीडीपी वृद्धि प्रभावित हो सकती है, लेकिन पिछले पांच वर्षों में गुजरात की जीडीपी पर इसका कितना प्रभाव पड़ेगा, यह कहना मुश्किल है।

उन्होंने कहा, “जब अस्पतालों और स्कूलों को साफ-सुथरा बनाने जैसे सामाजिक बुनियादी ढांचे पर किए जाने वाले पूंजीगत व्यय में कटौती की जाती है तो इसका असर सामाजिक विकास पर पड़ता है।” <https://jantaserishta.com/local/gujarat/gujarat-failed-to-meet-allocation-for-capital-expenditure-in-5-years-cag-2835091>

5. Supreme Court Receives Sealed Cover Report Filed by Arunachal Chief Minister in PIL Raising Corruption Allegations (*livelaw.in*) 21 Sept 2023

The Supreme Court on Thursday (September 21) received a sealed cover report filed by the Chief Minister of Arunachal Pradesh Pema Khandu in a petition which raised allegations regarding awarding of government tenders a decade ago.

A bench comprising Justices Aniruddha Bose and Bela M Trivedi also expressed its intention to seek assistance from the CAG (Comptroller and Auditor General of India) in the matter.

The bench was hearing a Special Leave Petition filed by an NGO named "Voluntary Arunachal Sena" which alleged that contracts were given by the state government of Arunachal Pradesh without floating any tender. The petitioner filed the petition in the Supreme Court in 2010 challenging a decision of the Gauhati High Court to dismiss a PIL filed in 2007. Dorjee Khandu, the Chief Minister during 2007-2011 term is a respondent in the petition in personal capacity. The petitioner added the incumbent Chief Minister Pema Khandu (son of Dorjee Khandu) as an additional respondent in his personal capacity later.

The Court observed in the order, "Senior Advocate Mr Vikas Singh- appearing for the present Chief Minister (Respondent No 11) has produced a report in a sealed envelope. We shall consider the content thereof and for this, we list the matter on 11th October."

The Court also expressed its intention to seek assistance from the CAG (Comptroller and Auditor General of India).

Justice Aniruddh Bose orally remarked, "Our first endeavour is to find out from CAG. Without impleading him as a party, we just take the assistance of the CAG".

Advocate Prashant Bhushan, representing the petitioner's organization Voluntary Arunachal Sena, welcomed the move.

The bench clarified, "We just want to understand the matter." Singh said that he will give a brief to the standing counsel of the CAG and will ensure the presence of the concerned law officer on the next date.

During the previous hearing, the bench had asked if it should go into the allegations which pertain to transactions carried out before 2010 at a belated stage. The petitioner's lawyer Prashant Bhushan argued that corruption should not be condoned citing passage of time.

In today's hearing, Justice Aniruddha Bose expressed the interest in understanding the norms and guidelines. "It may or may not be a case for police to investigate. We just want to know the norms. What are the norms in other states? Whether there is a guideline?", he said.

Singh replied, “The problem is that this is a unique state in that sense- the Northeast and accessibility etc. not many people ready to do a lot of work. So norms have to be state-wise. Every state has to have its special features, like Jammu and Kashmir.”

During the proceedings, Bhushan also raised concerns about threats faced by individuals associated with the case. He pleaded “We filed an application- in which he’s facing armed threats. There are armed people roaming around his house. He’s had to flee. In this case, 6 petitioners have been forced to withdraw. I think this really amounts to contempt.”

Justice Bose assured the parties that the Court was aware of these issues and that they would thoroughly review the report submitted to them.

The matter is next listed for hearing on 11th October 2023. <https://www.livelaw.in/top-stories/supreme-court-pil-corruption-allegation-against-arunachal-pradesh-government-sealed-cover-report-238352>

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Six months on, HAL’s trainer aircraft for IAF awaits full safety certification (*indianexpress.com*) Sept 21, 2023

Six months after the defence ministry signed a contract with the state-owned Hindustan Aeronautics Limited (HAL) to procure 70 HTT-40 basic trainer aircraft for the Indian Air Force (IAF), the indigenously-made aircraft is still awaiting the full airworthiness certification from the Centre for Military Airworthiness and Certification (CEMILAC), leading to concerns over a possible delay in its planned delivery schedule.

Sources in the government said that while CEMILAC had accorded provisional airworthiness compliance to HTT-40 with several “critical limitations”, the aircraft will have to obtain complete airworthiness certificate prior to start of production, which at present, HAL is in the process of obtaining.

CEMILAC—a regulatory body under the Defence Research Development Organisation (DRDO) is responsible for providing airworthiness certification of all military aircraft, helicopters, Unmanned Aerial Systems (UAS), aero-engines and other air launched weapons thus certifying them for flight safety.

In March this year, the defence ministry signed a Rs6,800 crore contract with HAL to procure 70 HTT-40s aimed at filling a critical gap in the availability of aircraft for the initial training of pilots.

Sources in HAL said that the HTT-40 has already been certified against FAR 23 (Federal Aviation Regulation).

“The aircraft is yet to be certified against the ASQR (Air Staff Quality Requirements) issued by IAF. The draft “Release to Service Document” is submitted to RCMA (Regional Centre of Military Airworthiness.) This is expected to be cleared by October 2023,” a source in HAL said.

The source said that HTT 40 is abiding by the timeline, adding that major jigs and fixtures have been ordered by HAL and materials procurement activities are under way.

“All the aircraft will be supplied over a period of six years, say by 2029, though we cannot put the exact time frame for the first and the last deliveries,” the source said.

The major gap in the availability of adequate trainer aircraft for pilots in IAF became pronounced after the HAL-made trainer aircraft HPT-32 was grounded around 2010.

As an interim arrangement, the IAF had procured 75 Pilatus PC-7 Mk II planes from Switzerland under a contract signed in 2012 to meet the critical shortfall in pilots’ training, and in the absence of an indigenous basic trainer aircraft at the time, was provided with the option of placing a follow-on order of another 38 aircraft, the requirement for which was cleared by the Defence Acquisition Council.

A government statement earlier stated that the induction of the aircraft is set to start September 2025 onwards and will continue till 15 March 2030, adding that the procurement will also include a Full Mission Simulator for the aircraft to supplement the aerial training, allowing pilots to practice different profiles on ground prior to the sorties.

However, with no final certification yet, concerns have emerged over HTT-40 meeting the promised delivery schedule.

One official familiar with the developments in this matter told The Indian Express that a delay in getting indigenous basic trainer aircraft was among the factors contributing to the shortfall of pilots in the IAF.

“The IAF decided on procuring the aircraft to support the indigenous project even when it was yet to be certified and meet many performance parameters in training,” an official said, adding that the contract for HTT-40 was signed before the aircraft demonstrated entry and safe recovery from inverted spin—a mandatory requirement for undertaking training, the official added.

Officials, however, stressed on the requirement of the final certification, adding that HTT-40 will be flown solo by pilots learning to fly for the first time and thus needs to be a “forgiving” aircraft with a “very high degree of safety” built into it.

Manufactured by HAL and indigenously designed and developed by its Aircraft Research & Design Centre, HTT-40 is powered by a four bladed turbo-prop engine.

As per HAL, the aircraft will be fitted with a state-of-the-art glass cockpit, modern avionics and latest safety features, including a zero-zero ejection seat. It has a maximum speed of 450 kilometers per hour and a maximum service ceiling of six kilometers. <https://indianexpress.com/article/india/six-months-on-hals-trainer-aircraft-for-iaf-awaits-full-safety-certification-8950748/>

7. IAF's 'Eye in the Sky' Fleet Set to Grow: Six Additional Netra Mk-1 AWACS under Consideration (*swarajyamag.com*)
September 22, 2023

Indian Air Force (IAF), in an attempt to increase its force multiplier assets, is looking to buy six more DRDO-developed 'Netra' Mk-1 Airborne Early Warning and Control System (AWACS) aircraft.

These are in addition to the in-development next-generation Airbus A-321 based Netra Mk-2 AWACS systems, which were cleared by PM Modi-led Cabinet Committee on Security (CCS) in September 2021.

Currently, the Indian Air Force operates five AWACS systems, comprising three Israeli Phalcon AWACS systems mounted on Russian IL-76MD aircraft and two indigenous Netra Mk-1 systems integrated onto Brazilian Embraer ERJ-145 business jets.

Another Netra Mk-1 is operated by DRDO for research and development (R&D) purposes, and according to reports this AWACS will also be transferred to IAF.

According to the report by Economic Times, the IAF plans to procure ERJ-145 airframes from the second-hand market since the Brazilian manufacturer, Embraer, has ceased production of these jets.

The acquisition of these six aircraft is estimated to cost approximately \$1 billion, greatly enhancing the IAF's ability to monitor air activities along its borders.

The Netra Mk-1 AWACS played a pivotal role in the Balakot operations, providing critical air situational awareness to IAF fighter pilots during the mission.

What Is 'Eye In The Sky' AWACS?

Airborne Warning and Control Systems (AWACS), commonly known as "eye in the sky," are aircraft equipped with large radar dishes mounted on their airframes.

These aircraft, equipped with high-powered radar systems, have the capability to monitor enemy air activities, providing comprehensive situational awareness to IAF pilots.

Unlike ground-mounted radar systems, which are limited by the Earth's curvature and have restricted fields of view, AWACS aircraft operate at high altitudes and can effectively monitor a broader area without such constraints.

This enables AWACS to serve as invaluable assets for surveillance, early warning, and control in military operations, making them more capable than their ground-based counterparts. <https://swarajyamag.com/defence/iafs-eye-in-the-sky-fleet-set-to-grow-six-additional-netra-mk-1-awacs-under-consideration>

8. Bolstering India's Defence, Indian Navy moves mega deal to buy second indigenous aircraft carrier (*timesofindia.indiatimes.com*)
Sept 22, 2023

In a bid to become self-reliant in Defence, Indian Navy has moved a mega proposal to build 2nd Aircraft Carrier. Made in India second Aircraft Carrier will be constructed by the Cochin Shipyard Limited in Kerala. The Defence Ministry will be shortly discussing the proposal moved by the Indian Navy. The programme will create thousands of jobs through the Cochin Shipyard Limited in Kerala. Earlier, the first indigenous Aircraft Carrier INS Vikrant was commissioned by PM Modi on Sept 2022. Indian Navy has been pressing for 3 Aircraft Carriers to maintain at least one carrier on each coast with one in refit. With 3 aircraft carriers, Indian Navy would also be keeping pace with all the navies deployed in Indo-Pacific region. Also, the Indian Navy is going to get 26 new Rafale fighter aircraft for the INS Vikrant. Indian Navy has given assurances to Centre that the sea-force will become self-reliant by 2047.

Video Link; <https://timesofindia.indiatimes.com/videos/news/bolstering-indias-defence-indian-navy-moves-mega-deal-to-buy-second-indigenous-aircraft-carrier/videoshow/103861893.cms>

9. Alleged GST evasion by online gaming companies seen at nearly Rs 31,000 crore (*businesstoday.in*) Sept 21, 2023

The Directorate-General of Goods and Services Tax Intelligence (DGGI) has upped the quantum of alleged tax evasion by online gaming companies to nearly Rs 31,000 crore.

Official sources told BT TV that the authorities are in the process of sending show cause notices, adding that they suspect around 80 online gaming companies to be involved in this.

Previously, the government had alleged tax evasion to the tune of Rs 22,936 crore by gaming companies, including those involved in online gaming.

The Supreme Court recently intervened by staying a Karnataka High Court ruling that had overturned a Rs 21,000-crore GST demand on a Bengaluru-based online gaming company.

The central government body had appealed to the apex court following the GST Council's decision to levy 28 per cent tax on online gaming on the full face value.

The 51st GST Council meeting held in August decided to impose the tax on the full value of bets placed on online gaming, casinos, and horse racing.

The decision will take effect from October 1.
<https://www.businesstoday.in/latest/economy/story/alleged-gst-evasion-by-online-gaming-companies-seen-at-nearly-rs-31000-crore-399258-2023-09-21>

10. Tracking India's growth trajectory (*thehindu.com*) Sept 21, 2023

The conventional way to assess a country's economic situation is to look at the quarterly (three-month) and annual (12-month) GDP (gross-domestic-product) growth rate and compare it to previous quarters as well as years. In the quarterly release of GDP figures by the NSO (National Statistical Office), the country's performance is likened to reviewing a report card of its economic performance. However, a critical difference between reviewing a report card and India's economic figures is that the latter tells a far more nuanced story.

The Q1 data covering the GDP growth rate from April to June of FY24 boasts a nominal growth rate of 8% and a real growth rate of 7.8%. The growth story currently posits that the numbers reflect an uptick in the agriculture sector growing at 3.5%, unlikely to be sustained due to pressure from the El Niño phenomenon, and the services industry, with financial, real estate and professional services growing at 12.2%. Moreover, there is also talk of sustaining a close to 6.5% growth rate for the current financial year. However, a closer look at the numbers provides a far more interesting interpretation of the growth.

Calculating GDP

The first factor to consider is that calculating the GDP growth rate involves many complex statistical choices and sophisticated statistical operations. One such decision the NSO made while conducting their research was to use the income approach of calculating GDP rather than the expenditure approach. The income approach involves summing up all national incomes from the factors of production and accounting for other elements such as taxes, depreciation, and net foreign factor income. The assumption generally is that both methods lead to similar results.

However, the expenditure approach dictates headline growth to be 4.5% rather than 7.8% which is a large discrepancy. Moreover, another essential statistical operation is the adjusting for inflation using the price deflator. Typically, the deflator is meant to adjust growth figures when they are overstated by inflation. In this case, deflation due to falling commodity prices, reflected in the wholesale price index, has worked to overstate the real growth. Furthermore, there is a base effect from the COVID-19 degrowth period, which continues to plague India's growth figures. Although less pronounced in FY24, the base effect has a role in comparative statistics due to sporadic growth in the years following FY20-21.

Additionally, one must consider whether the proposed, supposedly cooled, inflation rate calculated through the consumer price index can be sustained at current levels with the impending depreciation of the Indian rupee against the dollar due to capital outflow pressures resulting from the RBI's reluctance to raise interest rates. India is a net importer, and its most significant import consists of crude petroleum, whose price seems to be rising due to Saudi's \$100 per barrel push and rupee depreciation. The domestic consumption of diesel, a proxy for economic activity in India, fell by 3% in August, which, if sustained, does not paint a rosy growth picture for the coming quarters.

Revenue from taxes

Moreover, the government's tax revenue from direct taxes has weakened over the previous quarter while the indirect tax revenue remained strong, indicating a K-shaped pattern. The income streams from progressive taxation (more significant tax burden on those higher on the income ladder) seem to be a laggard compared to its regressive counterpart. A muted growth of direct tax collected in an economy boosted by the services industry is a statistical discrepancy which remains unexplained in the proposed GDP growth story. Direct and personal taxes should (in the absence of any significant policy changes) have grown closer to the nominal growth rate than it has currently. Narrowing revenue streams indicate forced austerity measures, as the government intends to control the budget deficit, and hence the interest rate. Therefore, growth in FY24 stemming from government expenditure seems to be a pipe dream.

A nuanced approach

In conclusion, after a meticulous analysis of India's Q1 FY24 economic transcript, it becomes palpable that the reported growth narrative might be somewhat overembellished. The divergence in growth figures brought forth by the income and expenditure approaches manifest a significant disparity, raising fundamental questions about the veracity of the promulgated optimistic narrative. Moreover, the underpinnings of this growth story, nuanced by inflationary adjustments and conspicuous fluctuations in tax revenue streams, signal a cautious trajectory. Additionally, the apprehensive outlook on the agriculture sector and potential fiscal constraints paint an arguably more restrained picture than initially portrayed. Therefore, it seems prudent to assert that India's economic performance, although showing signs of resilience, does not quite emerge as the unequivocal success story depicted in initial observations, urging a more nuanced and critical approach in assessing the trajectory ahead. <https://www.thehindu.com/business/Economy/tracking-indias-growth-trajectory/article67331751.ece>

11. Overcrowding in jails, delayed justice have become pressing concern, most prisoners undertrials: Par panel (*theprint.in*) Sept 21, 2023

A parliamentary panel has observed that overcrowding in jails and delayed justice have become a pressing concern, leading to a series of consequences for both the prisoners and the criminal justice system as a whole.

The Parliamentary Standing Committee on Home Affairs, headed by BJP MP Brijlal, also recommended that special attention should be given to pregnant women on the line of a judgement of the Supreme Court where it was observed that a jail must have adequate facilities for prenatal and post-natal care for female prisoners as well as their children.

“The committees, notes that the issue of overcrowding and delayed justice has become a pressing concern, leading to a series of consequences for both the prisoners and the criminal justice system as a whole. The committee recommends that prisoners from overcrowded jails may be transferred to other jails with vacant cells in the same state or other states by signing MoUs to that effect. This kind of an arrangement can be mutual in nature between the states signing the MoU,” it observed.

The panel recommended that the babies born in prison be allowed to stay with their mothers until the age of 12 in order to provide a nurturing environment during their early years while ensuring their well-being and development.

According to guidelines, emphasis should be given towards proper care of children relating to food, shelter, medical care, education, and physical growth, it further said. Apart from this, sports and entertainment facilities are also to be provided to these children.

The committee said transgender prisoners are to be provided the same standards of healthcare available to other inmates and should have access to necessary healthcare services without discrimination on the grounds of their gender identity. It observed that the overcrowding in Indian prisons has long plagued the country's criminal justice system. Despite various steps to reduce the number of inmates from jails, the total inmates in India stands at 5.54 lakh against the total prison capacity of 4.25 lakh.

The national average occupancy rate in prisons across India is 130.2 per cent and the states of Uttar Pradesh, Bihar, Madhya Pradesh, Maharashtra, Punjab and Haryana together make up for more than 50 per cent of the total prisoner population in the country.

In four of these six states, the occupancy rate in prisons is more than the national average. Further, the state of Uttarakhand has reported the highest occupancy rate of 185 per cent. Delhi with the highest crime rate in the country of 1479.9 has an occupancy rate of 182 per cent.

The committee observed that the problem of overcrowding in the Indian prisons is mostly because of a very large number of undertrial prisoners. Of all the prisoners in the country, more than 50 per cent being undertrials.

According to the Prison Statistics India 2021 Report prepared by the NCRB, there are 22,918 women inmates. Out of total women prisoners, 1,650 women inmates are with 1,867 children.

The panel observed that women prisoners are more vulnerable than male prisoners. Many of them are incarcerated in common prisons because there are fewer female prisons in India.

Female prisoners are susceptible to various problems like gender discrimination, living in overcrowded jails in unhygienic conditions, custodial rape etc., The fewer number of women jails and low representation of women in prison staff further undermine their conditions and intensify their difficulties, it observed. <https://theprint.in/india/overcrowding-in-jails-delayed-justice-have-become-pressing-concern-most-prisoners-undertrials-par-panel/1771996/>

12. Freebie quagmire (*thestatesman.com*) Sept 22, 2023

As the Centre gears up to set up the 16th Finance Commission, a critical issue looms large freebies. These political handouts, often in the form of subsidies, have become a

double edged sword, providing immediate electoral gains but casting a long shadow of fiscal irresponsibility.

It is high time that the next Finance Commission tackles the issue head on. Freebies must be in its terms of reference and the panel should propose a comprehensive solution to this fiscal menace, invoked for the sake of votes. The proliferation of freebies in Indian politics is undeniable. Across the nation, states are grappling with financial stress. Yet, this has not deterred them from announcing lavish giveaways that seem more aligned with winning votes than securing their fiscal future.

The Centre's concern over this trend is warranted, as it threatens the nation's financial stability in the long run. The problem with freebies lies not just in their short-term appeal but in the long-term consequences. Governments, at both the central and state levels, often bypass fiscal laws like the Fiscal Responsibility and Budget Management (FRBM) Act to fund these freebies. The act, designed to ensure fiscal discipline, is routinely bypassed with states resorting to off-budget borrowings to fulfil political promises. Such fiscal recklessness can lead to ballooning public debt, jeopardising the economic well-being of future generations. The 16th Finance Commission should seize this opportunity to address the freebie conundrum comprehensively.

It can start by recommending a clear and enforceable ceiling on the funds that governments can allocate to freebies. This cap should be set as a percentage of tax and non-tax revenue, ensuring that freebies are funded through sustainable means. Furthermore, the Commission can suggest that these freebies be made explicit in the budget, fostering transparency and accountability. Such a move would allow citizens to understand the financial implications of these giveaways and make informed decisions.

It would also discourage governments from resorting to debt to finance freebies. Moreover, the Commission should advocate for the prioritisation of essential freebies that help fulfil basic minimum needs over non-essential ones. By categorising these subsidies into distinct groups, governments can focus on providing support where it is truly needed and curtail unnecessary expenses. To maintain a balance between freebies and economic growth, the Commission could propose a trade-off.

For every rupee spent on freebies, a certain percentage should be allocated to capital investment on infrastructure, healthcare, and education. This would ensure that while social welfare is addressed, economic development is not ignored. One of the most pressing issues related to freebies is their impact on the nation's finances after the rollout of the Goods and Services Tax (GST). The compensation for "losses" due to GST implementation, mainly pertaining to states' annual growth below 14 per cent, has come to an end. The Commission should explore innovative ways to assist states in managing their finances post-GST, especially given the constraints imposed by the pandemic.

<https://www.thestatesman.com/opinion/freebie-quagmire-1503224406.html>

13. Climate finance must get beyond greenwashing and greenwashing (*livemint.com*) Sept 21, 2023

As we move from UN Climate Week to CoP-28 in Dubai later this year, we must stop 'greenwashing' and 'greenwashing' and start thinking about the instruments that will

enable the private sector and private investors to channel more capital toward climate resilience and sustainable development. While the public sector has an important role to play in this respect, scalable solutions require significant commitments of private-sector resources. With climate change already wreaking havoc on poor and rich countries alike, unlocking this largely untapped pool of capital has become an urgent priority.

Yet, as matters stand, many investors associate climate-centric investments with ‘social impact’ and reduced profitability. While sophisticated investors have the means to deploy their capital profitably toward decarbonization, the energy transition and other climate-related sectors, such investments tend to be illiquid. They remain tightly wound up in private-equity funds, and thus inaccessible to ordinary investors and savers who are most exposed to climate-driven food, water and energy insecurity.

The solution is to create climate investments that are profitable, liquid and accessible to all. CoP-28 offers an opportunity to rethink how we deliver such market solutions, and how we can harness digital innovation to scale up promising models. To mobilize capital at scale, we must draw on the global savings of individual investors as well as institutions such as pension funds, insurers, and sovereign funds. Risk diversification can be achieved through retail-friendly, liquid, easily accessible instruments such as exchange-traded funds (ETFs).

The sensible way to construct a profitable, long-term, climate-aligned, widely accessible investment strategy is to develop a diversified portfolio of assets that directly or indirectly support climate financing. For investors with a long-term horizon, a portfolio that meets these requirements should be composed of three main asset types.

The first is climate-resilient real estate and infrastructure—meaning assets in weather-proof, stable geographies that have low climate exposure. Real-estate and infrastructure valuations in such regions are poised to appreciate significantly on the back of population shifts from high-risk areas across the Southern Hemisphere to more resilient communities in North America, Northern Eurasia, and select geographies in the Global South.

Carefully selected Real Estate Investment Trusts (REITs) and exposure to greenfield developments through ETFs are two ways to secure reliable returns from climate-adaptation efforts. And as an added bonus, such investments offer broader economic and societal benefits, including productivity growth, job creation and the provision of employment and housing for migrating populations.

The second component is green commodities. An orderly transition to a more resilient future requires massive investments not only in energy, food and water assets, but also in the metals and critical minerals used in renewable energy and electric vehicles (EVs). These include commodities such as soy, wheat, copper, rare-earth elements, cobalt, lithium, and so forth. To avoid any ‘greenflation’ (inflation caused by decarbonization efforts) and supply bottlenecks, we urgently need to boost production and lower the cost of securing these commodities.

Finally, a sensible climate-aligned portfolio should include assets that provide a hedge against inflation and geo-economic risks, such as short-term and inflation-indexed

sovereign bonds and gold. Not only does the negative correlation between these assets and other climate-related investments offer extra ballast, but it also provides liquidity and low volatility to meet the needs of many individual investors, pensioners and savers. And again, there is an added bonus: greater investments in inflation-proof sovereign assets will allow governments to do more to finance the green transition.

To achieve maximum impact, these climate- investment instruments must be made available to the average investor on liquid, low-cost terms. While ETFs can help, not everyone has a brokerage account, or even a bank account. We tend to overlook the unbanked populations of the Global South, as well as the younger generations for whom digital assets may be more appealing. According to the World Bank, 1.4 billion adults are unbanked globally, and the share of the unbanked population exceeds 50% in several Middle Eastern, Asian and African countries with larger youth (‘digital native’) populations.

Owing to these factors, we will need to come up with a digital, tokenized representation of all the aforementioned climate-investment solutions, both to achieve global scale and to protect those most at risk of climate change and fiat currency debasement. But digital assets can offer a viable solution only if they are backed by real-world physical and financial assets. Mitigating speculation risks and preserving liquidity during crises is crucial to ensure that these do not become yet another form of fundamentally worthless crypto vaporware.

To build climate-resilient communities, encourage cross-border public-private partnerships, secure critical green supplies and accommodate climate-driven population shifts around the world, policymakers and asset owners urgently need to rethink how we channel capital at scale. With climate-driven costs escalating rapidly, innovation (both technological and financial) remains the most powerful tool at our disposal. With CoP-28 approaching, there is no more time for temporizing and empty green-wishing. <https://www.livemint.com/opinion/online-views/climate-finance-must-get-beyond-greenwashing-and-greenwashing-11695306060499.html>

14. Only 3.62% of Rajasthan's workers registered to Centre's pension scheme (*business-standard.com*) Sept 21, 2023

Four years since its launch, the Rajasthan authorities have managed to enrol less than five per cent of its unorganised workers in the Pradhan Mantri Shram Yogi Maandhan Yojana

Nearly four years after its implementation, the Rajasthan government continues to face challenges with the Centre's pension scheme for unorganised workers, known as the Pradhan Mantri Shram Yogi Maandhan Yojana (PMSYMY), according to a report by Hindustan Times (HT). The state government data shows that since its launch in the interim budget for 2019-20, the state has only registered 3.62 per cent of its UW for the scheme.

The PMSYMY is a voluntary and contributory central government scheme. It aims to provide social security to unorganised workers aged 18-40 with a monthly income of less than Rs 15,000. Under the scheme, beneficiaries are assured a minimum monthly

income of Rs 3,000 after reaching the age of 60, and their spouses are entitled to 50 per cent of the pension amount in case of the beneficiary's death.

To claim the pension, applicants must contribute Rs 55 to Rs 200 per month until the age of 60.

The report adds that there are around 420 million unorganised workers in India. Despite the Centre's directive to enrol labourers under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the data still shows less than five per cent enrollment since 2019.

According to HT, the state authorities wrote to district authorities to improve the situation and to encourage enrollment. It seems the reluctance comes from workers who do not want to make the voluntary contribution requirement and some workers' reluctance to plan for benefits that only start after 20 years of enrollment.

Labour unions have also expressed dissatisfaction with the PMSYMY scheme compared to previous social security programmes like the Atal Pension Yojana (APY), citing differences in pension caps and corpus provisions.

Under APY, the monthly pension ranged from Rs 1,000 to Rs 5,000, and there was no cap on the monthly income of workers.

According to government data, there are 1.36 million labourers registered to MNREGA in Rajasthan, out of which only 400,000 are registered under the PMSYMY scheme.

The labour department, social welfare department and district council share the responsibility of implementing this scheme. https://www.business-standard.com/elections/rajasthan-elections/only-3-62-of-rajasthan-s-workers-registered-to-centre-s-pension-scheme-123092100758_1.html