NEWS ITEMS ON CAG/ AUDIT REPORTS

1. Ludhiana MC forms second panel to probe 'ghost' staffers *(hindustantimes.com)* Jan 24, 2024

Official said that the panel has been constituted on the directions of MC commissioner Sandeep Rishi and is the second committee to be formed for looking into the matter

The municipal corporation has formed a panel, headed by joint commissioner Kulpreet Singh, to probe the employees linked to the creation of bogus staffers within the department.

Official said that the panel has been constituted on the directions of MC commissioner Sandeep Rishi and is the second committee to be formed for looking into the matter. The civic body had recently suspended seven employees in for involvement in the alleged fraud.

The case in question involves creation of bogus entries involving ghost employees, who drew salaries from the civic body but did not exist.

The committee has been tasked to conduct a thorough examination of the accounts related to the alleged bogus employees. Clear directives have been given to recover the money from their bank accounts, officials said. Additional commissioner Paramdeep Singh Khaira said, "The new committee has been formed with a motive to check the entries of all the bank accounts and the further accounts in the department. Moreover, the directions regarding the recovery of the amount transferred into the fake employees will also be done".

The suspension of the seven employees on January 5 came after objections were raised by a team from the comptroller and auditor general (CAG), during an audit of documents from the 2022-23 financial year.

The investigation uncovered a network of ghost employees within the department who received significant arrear payments with the involvement of senior officials, including the suspended MC employees.

This incident mirrors a similar situation in 2018, when around 70 alleged ghost employees were exposed, prompting calls for a vigilance inquiry. However, the matter remained unresolved as the Municipal Employees Sangharsh Committee opposed the inquiry. https://www.hindustantimes.com/cities/chandigarh-news/ludhiana-mc-forms-second-panel-to-probe-ghost-staffers-101706036968194.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

2. Direct tax-GDP ratio rose to 15-year high in FY23, tax buoyancy dipped *(indianexpress.com)* Updated: January 24, 2024

As per CBDT, a taxpayer is a person who either has filed a return of income for the relevant assessment year (AY) or in whose case tax has been deducted at source in the relevant financial year but the taxpayer has not filed the return of income.

Direct tax-to-GDP ratio, which reflects the share of taxes in the overall output generated in the country, rose to a 15-year high of 6.11 per cent in the financial year 2022-23, time-series data released by the Central Board of Direct Taxes (CBDT) under the Ministry of Finance showed Tuesday. This was accompanied by an increase in the income tax return filers in India to 7.4 crore in FY23, up 6.3 per cent from FY22, even as the tax buoyancy — the growth rate of taxes in relation to the economy’s nominal growth rate — declined to 1.18 in 2022-23 from 2.52 in 2021-22 and 1.29 in the pre-Covid year of 2018-19.

The cost of tax collection — indicating the expenditure on tax collection as a proportion of the total tax collections — inched lower to 0.51 per cent in FY23, the lowest level since 2000-01, but it increased in absolute terms to Rs 8,452 crore, the highest level since 2000-01, the year for which data is last available, the CBDT data showed.

Tax buoyancy had stood at (-)1.21 in 2019-20 and it was not computed for the financial year 2020-21 as both the nominal GDP and tax collections contracted from the previous year. Tax buoyancy had improved to 2.52 in 2021-22 due to a low base effect. Now, tax buoyancy inched lower to 1.18 in 2022-23 even as the growth rate for taxes was recorded at 17.79 per cent in 2022-23, higher than 15.11 per cent nominal GDP growth.

Direct tax-GDP ratio, tax collection, Tax buoyancy, india tax revenue, share of taxes, GDP growth, Central Board of Direct Taxes, CBDT, income tax return, IT return filing, growth rate of taxes, CBDT data, indian express news

DIRECT TAX COLLECTIONS (In ₹ Rs Cr)

Financial Year	Corporate Tax	Personal Income Tax*	Other Direct Tax	Total	YoY growth
2018-19	6,63,572	4,73,179	967	11,37,718	13.5%
2019-20	5,56,876	4,92,717	1,088	10,50,681	-7.7%
2020-21	4,57,719	4,87,560	1,897	9,47,176	-9.9%
2021-22	7,12,037	6,96,604	3,781	14,12,422	49.1%
2022-23	8,25,834	8,33,307	4,545	16,63,686**	17.8%

*includes Securities Transaction Tax **Provisional
Source: CBDT

TAX BUOYANCY

Financial Year	Direct tax-GDP ratio	Buoyancy factor
2018-19	6.02%	1.29
2019-20	5.23%	-1.21
2020-21	4.78%	-*
2021-22	5.97%	2.52
2022-23	6.11%	1.18

*As both GDP growth rate were negative, tax buoyancy has not been computed for FY 2020-21

NUMBER OF RETURN FILERS

Financial Year	Individual	Firm	HUF	Company	Total*
2018-19	5,95,44,767	13,18,828	11,66,432	8,47,860	6,33,18,586
2019-20	6,11,30,366	12,98,406	11,58,601	8,40,511	6,48,65,888
2020-21	6,31,71,013	14,10,154	12,01,502	9,24,296	6,72,08,614
2021-22	6,54,61,868	14,51,576	12,26,587	9,71,319	6,96,35,446
2022-23	6,96,90,925	15,10,551	12,46,413	10,27,200	7,40,10,269

*Total includes AOPs, local authorities and others
Source: Ministry of Finance

A tax buoyancy greater than 1 reflects a faster growth in taxes as against the country's national income.

Net direct tax collections, which reflect collections after refunds, "increased by 160.52 per cent to Rs 16.63 lakh crore in FY 2022-23 from Rs 6.39 lakh crore in FY 2013-14", CBDT said in a statement. Gross direct tax collections stood at Rs 19.7 lakh crore in FY 2022-23, a rise of 173.3 per cent from Rs 7.21 lakh crore in FY 2013-14, it said. On a year-on-year basis, net direct tax collections increased by 17.8 per cent, while gross direct tax collections rose by 20.5 per cent.

While the number of persons filing income tax returns increased to 7.4 crore in financial year 2022-23, out of which 6.97 crore were individuals, the corresponding data for taxpayers was not available. In the previous financial year 2021-22, while tax return filers stood at 6.96 crore (with 6.55 crore individuals), overall taxpayers stood at 9.37 crore — a gap of 2.41 crore — showing that a significant number of taxpayers are getting taxed through measures such as TDS but are not filing income tax returns.

As per CBDT, a taxpayer is a person who either has filed a return of income for the relevant assessment year (AY) or in whose case tax has been deducted at source in the relevant financial year but the taxpayer has not filed the return of income.

In the overall tax collections by the government, direct tax collections accounted for 54.62 per cent share in financial year 2022-23, a four-year high. Direct taxes as a share of the overall taxes had stood at 52.27 per cent in FY22, 46.84 per cent in FY21, 52.42

per cent in FY20 and 54.83 per cent in FY19. A higher direct taxes-to-indirect taxes ratio is considered progressive as indirect taxation hurts the poor more than direct taxes.

Among states and union territories, Maharashtra accounted for 36.4 per cent (Rs 6.05 lakh crore) of the overall direct tax collections in the country in the financial year 2022-23, followed by Delhi at 13.3 per cent (Rs 2.22 lakh crore), Karnataka at 12.5 per cent (Rs 2.08 lakh crore) and Tamil Nadu at 6.4 per cent (Rs 1.07 lakh crore). Cumulatively, these four states accounted for 68.6 per cent of the overall direct tax collections in FY23. https://indianexpress.com/article/business/economy/direct-tax-gdp-ratio-rose-to-15-year-high-in-fy23-tax-buoyancy-dipped-9124628/

3. At 7.8crore, income tax return filers more than double in 9 years

(timesofindia.indiatimes.com) 24 Jan 2024

NEW DELHI: The total number of taxpayers who have filed tax returns more than doubled to 7.8 crore in the past 9 years, thanks to rising compliance and use of technology by the tax department, latest data released on Tuesday showed.

According to Central Board of Direct Taxes' (CBDT's) time series data updated up to fiscal year 2022-23, the number of I-T Returns (ITRs) filed in FY23 totalled 7.8 crore, an increase of 105% compared to the 3.8 crore returns filed in 2013-14.

Tax deducted at source (TDS) accounted for the largest chunk among direct taxes at Rs 8.2 lakh crore in 2022-23 while advance tax was at Rs 7.3 lakh crore. Self assessment tax was at Rs 1.3 lakh crore for 2022-23, the data showed. The tax department defines a "taxpayer" as a person who has either filed a return of income for the relevant assessment year (AY) or in whose case tax has been deducted at source in the relevant financial year (FY) but the taxpayer has not filed the return of income.

Net direct tax receipts rose 160.5% from Rs 6,38,596 crore in FY14 to Rs 16,63,686 crore in 2022-23, the tax department said.

The government aims to collect Rs 18.2 lakh crore from direct taxes, which includes personal income tax and corporate tax - 9.6% higher than Rs 16.6 lakh crore collected in the previous fiscal year.

The CBDT data also showed that the gross direct tax receipts rose 173.3% to Rs 19,72,248 crore in FY23 from Rs 7,21,604 crore in FY14. The direct tax-to-GDP ratio went up from 5.6% to 6.1% while the cost of collection decreased from 0.6% of total collection in FY14 to 0.5% of the total receipts in the previous fiscal year.

Direct taxes as a percent of total revenues in 2022-23 was at 54.6%, higher than the 52.3% in the previous fiscal year.

The tax department has undertaken a series of reform measures over the years to boost compliance and improve receipts. Technology and big data is being used extensively to improve compliance and plug loopholes. https://timesofindia.indiatimes.com/business/india-business/at-7-8crore-income-tax-return-filers-more-than-double-in-9-years/articleshow/107093051.cms?from=mdr

4. Govt likely to miss divestment target for the 5th time in FY24; only 20% achieved *(livemint.com)* 23 Jan 2024

The Government of India is likely to miss its divestment target for the fifth year in a row. In the last Budget, the government had set a divestment target of ₹51,000 crore for FY24 and has garnered around ₹10,000 crore so far, through disinvestments so far, which is just 20 percent of its original target.

With the upcoming election and the imminent implementation of the Model Code of Conduct (MCC) just months away, there appears to be limited scope for advancement in big-ticket divestment initiatives. Consequently, CareEdge projects FY24 divestment at approximately ₹15,000 crore.

"The big-ticket divestment initially planned for this year involving IDBI Bank now appears uncertain. Previous attempts to divest from BPCL and Pawan Hans were unsuccessful, and stake sales in the Shipping Corporation of India are currently hindered by the demerger of land assets. The projected ₹360 billion shortfall in the non-debt capital receipts due to slow progress on divestment is expected to be covered by a better-than-budgeted performance of tax and non-tax revenues," it explained.

In a survey by CareEdge, it observed that after a likely miss of the divestment target this year, most participants, almost 47 percent of the survey participants, see the FY25 divestment target to remain below ₹40,000 crore. Meanwhile, 29 percent see an FY25 divestment target between ₹40,000-50,000 crore, 14 percent between ₹50,000- ₹60,000 crore and just 9 percent see the divestment target for FY25 higher than ₹60,000 crore.

In the current fiscal year, a total of ₹10,049 crore has been amassed through the sale of minority stakes via Initial Public Offerings (IPOs) and Offer For Sale (OFS). However, notable privatization initiatives, such as those involving Bharat Petroleum Corporation Ltd (BPCL), Shipping Corporation of India (SCI), and CONCOR, seem to have been deferred and are anticipated to take place after the general elections scheduled for April/May.

several Central Public Sector Enterprises (CPSEs), including Shipping Corporation of India (SCI), NMDC Steel Ltd, BEML, HLL Lifecare, and IDBI Bank, are currently undergoing preparations for strategic sales in the ongoing fiscal year. However, the completion of these transactions is experiencing delays due to ongoing processes such as due diligence and the demerger of core and non-core assets for most of the CPSEs. The invitation for financial bids has been postponed as a result.

In the case of IDBI Bank, which received multiple Expressions of Interest (EoIs) in January 2023, progress has been hindered as potential bidders are awaiting security clearances and 'fit & proper' approvals from the government and the Reserve Bank of India (RBI), respectively.

In total, there are around 11 transactions that are being processed by DIPAM (Department of Investment and Public Asset Management) currently but the privatisation of all the CPSEs as well as IDBI Bank are likely to move over to the upcoming financial year FY25.

In the last budget (Feb 1, 2023) as well, the Narendra Modi government missed its divestment target. The disinvestment target for FY23 was scaled down to ₹50,000 crore, from ₹65,000 crore earlier but the govt managed to raise only ₹35,293.52 crore in the previous financial year FY23, which is 54 percent of the original target and 70 percent of the revised target.

More than half of the proceeds raised so far from divestment came from the initial public offering of the Life Insurance Corporation of India (LIC), where the government sold a 3.5 percent stake at ₹949 a share, raising ₹21,000 crore. Apart from LIC, the privatisation of Air India and the share sale of ONGC also procured around ₹2,500-3,000 crore each.

Furthermore, in FY22, the government missed its original target as well as its revised target by a huge margin. The original divestment target for the previous financial year was ₹1.75 lakh crore, which was later reduced by 55 percent to ₹78,000 crore. However, the government was able to raise just ₹13,531 crore, only 18 percent of the revised target as the initial share sale of LIC was pushed to FY23 to avoid market volatility. This was the lowest mop-up after the disinvestment program was revived in FY10.

In FY21 too, the government missed its divestment target, raising ₹32,742 crore against the original target of ₹2.10 lakh crore. While, in FY20, the government mopped up around ₹50,000 crore against its original target of ₹90,000 crore.

Before FY22, the lowest disinvestment receipts were in FY12 at ₹14,000 crore against the target of ₹40,000 crore. Meanwhile, the highest divestment receipt for the government has been ₹1 lakh crore in FY18 against a target of ₹72,500 crore. A large chunk of this (₹36,915 crore) was due to the acquisition of HPCL by ONGC. Meanwhile, in 2018-19, the disinvestment mop-up stood at ₹84,972 crore against the Budget target of ₹80,000 crore.

In 2016-17, the government had missed the budgeted disinvestment target. While the Budget had pegged the target at ₹56,500 crore, the government was able to mop up ₹46,247 crore. In 2015-16, the government had realised ₹23,996 crore from CPSE disinvestment, lower than the Budget target of ₹69,500 crore.

The other divestments that are likely to be completed in the upcoming financial year include those of IDBI Bank, Shipping Corporation, BEML, NMDC Steel and Pawan Hans.

The government has invited bids to sell its stake in IDBI Bank. However, the process will stretch well into the next financial year.
https://www.livemint.com/economy/budget-2024-govt-likely-to-miss-divestment-target-for-the-5th-time-in-fy24-only-20-achieved-11705993007427.html

5. Government on course to meet fiscal deficit target on buoyant tax receipts *(businessinsider.in)* 24 Jan 2024

It’s that time of the year when economists keenly analyse government finances and take stock of the fiscal deficit. The last several years have been challenging for governments across the globe as the pandemic impacted growth and deficits. This was soon followed by rising inflation and slower growth. But India may buck the global trend as tax receipts have remained buoyant, which will help the central government meet its fiscal deficit target set for FY24 at 5.9%.

In the short run, economists believe that the government is on track to achieve the fiscal deficit target of 5.3% in the short term. Tax revenues have soared and overall revenues are running 0.3% of GDP higher than budgeted.

In the first three quarters of the fiscal year, the fiscal deficit has shrunk to Rs 9.06 trillion (50.7% of Budget Estimates) on a year-to-date basis, compared to Rs. 9,8 trillion (58.9% of BE) in FY23. According to the strategy team at Centrum, the government is likely to meet its yearly target of fiscal deficit. This is thanks to the robust collections of both direct and indirect taxes.

While the government continues to fund the fiscal deficit through market borrowings, this number is substantially lower this year than it was in the comparable period last year. The financing of the fiscal deficit continues to be primarily met through market borrowings. Market borrowing by the government has contracted by an estimated 7% during YTDFY24 to Rs 9.6 trillion against the comparable period last year.

Tax and non-tax receipts have been higher this year compared to the previous one, even though the divestment receipts are only at 17% of its target of Rs 0.51trillion set in FY24. According to HSBC, soaring tax buoyancy saved central targets. "The fiscal deficit is likely to be in line with the budgeted 5.9% of GDP in FY24. Taxes are likely to grow quickly in FY25 as well (we assume tax buoyancy of 1.1). We also expect a normalisation in current expenditure post elections, and unchanged and elevated capex momentum. This is likely to lead to a fiscal deficit of 5.3% in FY25, signalling that the government is committed to its fiscal consolidation path (of a 4.5% deficit by FY26)," adds HSBC.

Centrum's strategy team is of the view that the government can comfortably meet the fiscal deficit target with tax receipts and transfers from the Reserve Bank of India and public sector enterprises. https://www.businessinsider.in/policy/economy/news/government-on-course-to-meet-fiscal-deficit-target-on-buoyant-tax-receipts/articleshow/107103180.cms

6. Global Minimum Tax: Reshaping the tax landscape (livemint.com) 24 Jan 2024 *(livemint.com)* 24 Jan 2024

The Pillar Two design of OECD comprises numerous interlocking rules that will ensure that covered multi-national enterprises pay a minimum tax while avoiding double taxation where there is no economic profit.

The global tax landscape is witnessing a fundamental overhaul with the deliberation around and phased implementation of the Organisation for Economic Co-operation and Development's (OECD) Pillar Two solution. This revolutionary initiative in global tax rules proposes to establish a Global Minimum Tax (GMT) that seeks to discourage tax evasion, base erosion and profit shifting by multinational enterprises. At its core, GMT will ensure that multi-national enterprises (MNEs) with revenues above EUR 750 million are subject to a 15% effective minimum tax rate, in whichever jurisdiction they operate.

The Pillar Two design comprises numerous interlocking rules that will ensure that covered multi-national enterprises pay a minimum tax while avoiding double taxation where there is no economic profit. It will provide a mechanism to deal with differential tax systems of different jurisdictions and enable transparency with a level playing field.

While 130 countries had agreed to implement Pillar Two, including India and all EU countries, presently over 55 countries are in the process of passing legislation. Countries such as France, Germany, UK and The Netherlands have already passed final legislation on enactment of Pillar Two, effective 2024.

The GMT's impact will be multi-faceted: at its core, it will reshape MNE behaviour, investment flows, and tax revenues. Currently, certain MNEs seem to leverage incentivized tax regimes that lowers their effective tax rate (ETR). With GMT implementation, such practices are expected to decline considerably.

As per OECD analysis, there may be a 50% average reduction in the ETR differential (14% - 7%) between investment hubs and other jurisdictions. With this, MNEs may re-evaluate their investment strategies, prioritize jurisdictions with strong infrastructure, skilled workforce, and innovation ecosystems, thereby resulting in a balanced distribution of global investment.

The focus on non-tax factors could foster long-term economic growth (with investments in areas presenting the highest strategic and market advantages in line with their business needs), as MNEs seek sustainable returns beyond rates arbitrage.

Secondly, GMT may also provide a significant increase in the tax revenues for administrations worldwide, still coping with the post-pandemic high fiscal deficit. Countries expect to gain annual global revenue of around $150 to 200 billion. Global low-taxed profit is estimated to be reduced by about 80%. This reduction stems from both the reduction in profit shifting and the application of top-up taxes.

This additional tax income would, more importantly, boost governmental fiscal kitty, allowing for augmented investment in infrastructure, human capital, and public services. Revenue gains will depend on implementation decisions of jurisdictions. Jurisdictions not implementing the rules will forego revenues that would otherwise accrue to them.

Thirdly, the Pillar Two solution can potentially decrease corporate tax rivalry across countries. At present, countries are known to lower their tax rates to draw investments, an approach which, though attracts extra investments, leaves them with lower tax revenue.

By setting a universal minimum tax rate, countries can alleviate the risks of this "race-to-the-bottom" strategy. This could foster a steadier and more predictable worldwide tax climate beneficial to both governments and businesses. Countries would now need to figure out a way to design their incentives programmes, which attract investments but do not push the floor of 15% minimum tax.

As MNEs navigate the new rules, they seem to believe that they may face moderate or in some cases significant risk of double taxation due to global tax reforms. Hence, it is crucial for businesses to assess the impact of these new rules well before they are implemented by jurisdictions, to ascertain whether top-up tax will be applicable based on the specific computation mechanism or whether MNEs can avail transitional safe harbour regulations which have been clearly defined.

While GMT has significant potential to transform the international tax landscape for a higher good, implementing it across diverse legal systems presents operational challenges. Therefore, harmonizing the underlying rules and addressing administrative complexities will be crucial for smooth implementation. While overall benefits are expected, some sectors and countries may require targeted support to adjust.

The implementation of Pillar Two necessitates a wealth of data points, that calls for a set process for effective collection and standardization. Companies will be obligated to submit a standardized Global Information Return (GIR), offering comprehensive details on Pillar Two tax. The GIR is distinct from the tax returns filed in various jurisdictions and would be submitted to a single tax administration, which would subsequently distribute it to other tax administrations in accordance with a qualifying competent authority agreement.

In all, the GMT marks a significant step towards a globally coordinated international tax system. While challenges remain, the potential economic benefits are substantial, plausibly reshaping global investments, augmenting tax revenues, reducing tax competition, and spurring economic growth. Governments and businesses must work together to ensure smooth implementation and harness the positive economic and social impacts of this transformative policy.

While tax leaders have a pivotal role to play in guiding businesses through this massive transition, governments will look to maximize the potential of this ground-breaking policy to drive sustainable economic growth and development. https://www.livemint.com/opinion/global-minimum-tax-reshaping-the-tax-landscape-11706078895216.html

7. India's statistics system has been a mess. The PMO is looking in

(livemint.com) 23 Jan 2024

After concerns over GDP calculations and covid deaths, PMO is taking steps to improve the domestic and international confidence in India's statistical system

The Prime Minister's Office (PMO) has begun an important stock-taking of India's statistical system in the wake of several controversies related to official surveys and estimates, according to two persons aware of the discussions in the government.

Some of these controversies were around the reliability of growth estimates, delays in conducting some economic surveys and the census, comprehensiveness of sampling methods, and the gap in the number of covid-19 deaths estimated by India and the World Health Health Organization.

Officials from the statistics and finance ministries are part of the effort led by PMO officials, one of the two persons said. Some discussions have already taken place, and the next meeting is scheduled for the first week of February, said the person on the condition of anonymity.

The initiative is based on a paper titled The State of India’s Statistical System prepared by the Economic Advisory Council to the Prime Minister (EAC-PM), which has drawn policymakers’ attention to the need for reforms in this area.

“One key question to be addressed is the timing of the reforms," the person said. Policymakers have to decide if a decision on this matter needs to be taken before or after the general elections.

Emails sent to the spokespersons for the PMO, NITI Aayog, finance and statistics ministries as well as the National Statistical Commission (NSC) seeking comments remained unanswered. EAC-PM chairman Bibek Debroy declined to comment.

The stock-taking at the highest level of government signals a possible revamp in the future to raise both domestic and international confidence in India’s statistical system. In a paper published in 2021, researchers from Indira Gandhi Institute of Development Research and National Institute of Public Finance and Policy (NIPFP) had said that using MCA21 data of firms in the 2011-12 series of gross domestic product (GDP) figures could lead to inaccurate estimation of sectoral growth rates although not of the overall gross value added (GVA), a measure of value addition in the economy. Earlier, data from the annual survey of industries (ASI) was used.

The stock-taking is based on policymakers’ view that robust statistics is critical for measuring the effectiveness of policies and the country’s progress.

One area of review is shortening the time period for releasing final GDP figures for a given year, which now takes as many as three years and multiple updates, said the second person, who also spoke on the condition of anonymity.

EAC-PM had also highlighted in its paper the need for making GDP deflators used in computing real GDP more comprehensive. GDP deflator, a measure of inflation in the economy, is used in measuring GDP adjusted for inflation.

India at present does not follow double deflation or adjusting the prices of both raw materials and the output for inflation, a more consistently reliable way of accounting national income followed in many other countries. That is done with the help of a producer price index, which, according to the first person, was recommended by the EAC-PM paper.

Experts said with India’s rising global stature and heft, there is a need for higher investments in elevating the country’s data collection exercises, survey methodologies and the standards of dissemination, matching the global best.

“India is now among top five economies in the world and aiming to be among the top three, contributing significantly to global growth; so, we must invest more in manpower, digital tools and advanced statistical systems so as to make our data and statistical abilities stand out in the world and not merely conform to global standards," said Sachchidanand Shukla, group chief economist at Larsen & Toubro Ltd.

Shukla also said modern indices, such as Google Trends for gauging inflationary pressures and other such analytical tools and benchmarks, need to be weaved into India’s statistical ecosystem. “It is also the right time for us to consider using a producer price index (PPI) that mirrors the cost or the price for producers like in all the advanced economies."

Officials are expected to study the concerns around reliability of data, independence of the statistical system and the autonomy of statistical institutions in the approval and publication of data, as EAC-PM paper had sought the attention of policymakers on these issues highlighting public debate around them.

NSC, an apex advisory body to the government on statistics and policymaking, had said in its 2017-18 annual report that it needs to be strengthened and given due importance with statutory support, for it to play its expected role.

Amid an apparent delay in the release of the Periodic Labour Force Survey (PLFS) 2017-18, the then NSC acting chair P.C. Mohanan and a member J.V. Meenakshi resigned in January 2019.

The survey, which suggested unemployment rate of 6.1%—apparently the highest the Indian economy had faced in 45 years—subsequently got leaked to the media before the government published it on 31 May 2019. It would be unfair to compare the unemployment figure in the 2017-18 report with those in past reports due to its new design, The Indian Express reported after the survey was released, quoting an official.

Experts said a key metric for the robustness of the statistical system is its independence and at its heart lies the free hand professional statisticians need in deciding on statistical matters without bureaucratic intervention.

“The point is that the Indian statistical system is no longer as independent as it used to be," said Pronab Sen, former chief statistician of India. NSC should be further empowered to improve the independence of the statistical system, explained Sen.

Release of the new series of GDP data had triggered debates in the past over the methodology involved.

Former chief economic adviser Arvind Subramanian in 2019 claimed that the changes adopted in the estimation of India’s GDP for the period since 2011-12 had led to a “significant overestimation of growth". The ministry of statistics and programme implementation (Mospi) then responded saying that the GDP growth projections brought out by various national and international agencies are broadly in line with the estimates released by Mospi and that these estimates based on accepted procedures, methodologies and available data objectively measured the contribution of various sectors in the economy. https://www.livemint.com/politics/policy/indias-statistics-system-has-been-a-mess-the-pmo-is-looking-in-11706021538376.html

8. PM, key panel seek overhaul of Indian defence production *(hindustantimes.com)* Jan 24, 2024

On the eve of the 75th Republic Day, Prime Minister Narendra Modi has exhorted the armed forces, the military-civilian bureaucracy, and the Defence Research and Development Organization (DRDO) to get their act together, erase cost overruns and project delays, and focus on making "Atmanirbhar Bharat" (self-reliant India) a success in terms of defence manufacturing.

HT learns that Modi held a high-level review meeting with top officials on January 13 and told them to ensure total accountability in Indian defence planning. The meeting was attended by Dr PK Mishra, principal secretary to PM, Ajit Doval, National Security Adviser, Gen Anil Chauhan, Chief of Defence Staff, Admiral R Hari Kumar, Chief of Naval Staff, Giridhar Aramane, defence secretary, and Dr Samir V Kamat, secretary DRDO and chairman DRDO, apart from other top officials.

Although the details of the meeting are classified, it is understood that Modi asked those present to look at the long-term future of defence manufacturing, not merely the present, and conduct an audit of the platforms already with the armed forces before asking for more. He wanted accountability for cost overruns and delays in defence projects running into hundreds of crores and tens of years at a time when his government is keen to ensure the money saved can go into welfare programmes such as the PM Awas Yojana, which builds houses for the underprivileged.

Key recommendations for DRDO

STRUCTURAL

- Creation of Defence Technology Council (DTC) headed by the PM, with defence minister and NSA as vice presidents
- Creation of empowered committee under DTC, co-headed by CDS and Prime Minister's principal scientific adviser
- Bifurcating posts of secretary, DDR&D and chairman, DRDO, with one heading DDSTI and focusing more on science and research aspect of defence equipment and technology
- Creating a DTC secretariat with 7 technology DGs from DRDO; 6 top officers from armed forces; two academics; and 2 industry advisers. In addition, it will hire technical officers with specific expertise for 3-5 year stints
- Creation of a national defence technology roadmap
- Creation of defence tech hubs in top academic institutions
- Creation of national champions — for large systems

FUNCTIONAL

- Creation of board to work under the head of DRDO, with a CTO, a chief armed forces interface officer, a chief administrative officer, and a CFO. This is excepted to oversee reinvention of DRDO, and be accountable for its functioning.
- Creation of tech and admin and financial board to support the apex board

HUMAN RESOURCES

- Reducing median age of DRDO to 35
- Hiring 100 graduates from campus on contract every year
- Energising DRDO's lateral entry programme

LABORATORIES

- Restructuring the 41 DRDO labs into 10 national labs – in Delhi, Bengaluru (2), Hyderabad (2), Pune, Dehradun, Chennai, Visakhapatnam and Chandigarh – headed by directors and the units under them by research directors
- Better utilisation, and deployment of scientists within laboratories
- Increasing interaction of labs with outside world, by creating green (can be accessed by outside researchers), amber and red zones
- Streamlining approval, purchase, appraisal processes which are currently cumbersome

RESEARCH

- DDSTI to focus on research in deep-tech areas
- Focus on Intelligence, Surveillance, and Reconnaissance technologies
- Focus on areas in life sciences
- International collaboration

HT

Rather than clear any new acquisitions, the PM wanted answers on how the armed forces handle the obsolescence of platforms and accountability for accidents in which platforms worth hundreds of crore are destroyed or rendered unusable, people familiar with the proceedings of the meeting said on condition of anonymity.

Modi's concern over the Indian defence research and manufacturing came just two weeks after Prof K VijayRaghavan, former principal scientific adviser to the Modi government, submitted a scathing review report, "Redefining Defence Research and Development" to defence minister Rajnath Singh on December 30.

The high-level committee has made critical observations about DRDO that need urgent attention and reform (see chart). The sum and substance of the report is that DRDO is taking on defence projects it cannot possibly complete in the timelines projected, resulting in heavy cost overruns and technological obsolescence even before the platform is ready. The 10-member committee headed by VijayRaghavan found that DRDO was top heavy with an aging scientific force that was not nimble and focused only on India's western front (Pakistan) rather than being cognisant of the current threat (an ostensible reference to China). The committee also found that DRDO was reactive to what was being done in third countries with no plans to lead in terms of technological expertise or advancement; DRDO was in a "catch up" mode technologically, not "breakthrough" mode.

The report comes at a time when India has sought to enhance domestic acquisition of defence equipment, and also make products for the export market.

The committee, after talking to stakeholders in government and private sector found there was a no synergy between DRDO and the equipment users, two with the designer and the user mostly talking past each other, leading to lopsided development of platforms.

The VijayRaghavan committee has made 11 key recommendations with implementation deadlines in the report (the longest is 180 days). The report found near total neglect of development of the national ecosystem for defence research with the private sector kept out, ostensibly in the name of national security. It found that DRDO''s interaction with a resurgent Indian academia and industry was only in the early stages of a project and usually, of a token nature.

The conclusions of the report and the proceedings at the PM's review meeting suggest that DRDO needs a complete overhaul, armed forces need accountability, and national security planners, the vision to make "Atmanirbhar Bharat" a success. https://www.hindustantimes.com/india-news/pm-key-panel-seekoverhaul-of-indiandefence-production-101706033980638.html

9. Defence Budget for 2024-25 has to take into account fresh Geo-political challenges *(thenorthlines.com)* January 24, 2024

On February 1, Union Finance Minister Nirmala Sitharaman will be presenting not the final Union Budget, but an interim one, since the Lok Sabha elections in the country are scheduled to be held in April/ May this year. Sitharaman was unequivocal that there will be no ‘big announcements' this time around, meaning that this year's Budget will be passed only as an end to meet expenses until the financial year. The allocation for the defence sector in Budget 2024-'25 could take a hit because of the elections. This could impact India's deterrence posture.

At the moment, India's defence sector is at a crucial stage. With geopolitical tensions hotting up across the world, India's need for self-reliance in strategic technology is getting more intense. Besides, India's military must be on high alert to deal with any exigencies, especially on its Pakistan and China borders.

The Russian invasion of Ukraine in 2022 changed the planning and budgeting strategy for the Indian military, which was earlier for a short and sharp conflict. And the logistics design? Build up for a 10i (10 days' intense) war scenario, onto a 40i scenario. But now, with an extended war scenario, as seen in Ukraine—and especially in the Israel-Hamas war, even 40i seems too insignificant.

Earlier tensions and border disputes with China and Pakistan that occasionally lead to armed clashes, there is an urgent need to prioritize India's armed forces' modernization and self-reliance in arms production—especially ‘Make in India'.

Earlier, before the Union Budget for Financial Year 2023-'24, the parliamentary standing committee on defence had recommended a benchmark percentage of the GDP for allocation to India's defence sector. The last Budget envisaged a total capital outlay of Rs 4,503,097 crore. The Ministry of Defence (MoD) was allocated 13.18 % of the total budget, which was Rs 593,537.64 crore, representing an enhancement of Rs 68,371.49 crore over that of 2022-'23.

In the run-up to FY2024-2025, expectations within India's Defence sector are somewhat muted, with only minor fund allocation adjustments anticipated. Existing procurement plans, with thumbs-up to key initiatives—such as the second indigenous aircraft carrier at a cost of around Rs 40,000 crore, and the procurement of 97 Tejas Mark-1A aircraft—are likely to continue.

India's defence budget allocations, if one considers the past few years, have not been productive in ‘actual' terms. Even though the Parliament Standing Committee for Defence has pleaded for a Defence Budget of 3 per cent of the GDP, slight—and insignificant—percentage increases that are made do not account for cost escalations. The global ‘benchmark' for defence expenditure as a percentage of GDP is roughly 3%.

Experts estimate only a 5%-7% increase in capital outlay, focused more on strengthening India's defence capabilities, belying the allocation projections by the armed forces—including the associated segments, like the Defence Research and Development Organisation (DRDO), Coast Guard and Border Roads Organisation (BRO).

However, most likely, paeans will be sung to Atmanirbharta and ‘Make in India'—a recent and increasingly common eulogy for local R&D, manufacturing capabilities, indigenization and innovation, besides declaring an embargo on imports to boost private sector participation. Notwithstanding that, India has plans to import weapons platforms and weapons, such as Rafales and more Scorpene submarines for the Navy;

73,000 SiG Sauer assault rifles from the US; Predator MQ-9B drones from the US and such others. The ‘Make in India' slogan sounds fine, but self-sufficiency is way beyond for maybe decades. As things stand now, a mix of ‘Make in India' and imported substitutes is crucial for India's deterrence capability.

The next Defence Budget should do well to clearly spell out certain terms: The dangers from China and Pakistan are real and present and growing at both the intractable geopolitical level—the Maldives, Indian Ocean Region and South China Sea—and conventional level. China's second highway through Aksai Chin is running perilously close to Galwan and Pangong Tso and one more expressway to Nepal for offensive purposes.

Technologically, with China more than a few decades away from India to catch up with—with the People's Liberations Army's (PLA's) expertise with hypersonic missiles, UAVs and electromagnetic and space/near-space-based weapons.

In 2018, the Indian Army proclaimed that 68% of its war machinery was obsolete. Swarm drone combat capability is imperative for India, especially with focus on developing futuristic drones and e-warfare systems to be able to face up to future challenges. Future Infantry Combat Vehicles (FICVs) are an urgent necessity.

Mobility for infantry in plains needs examination. In a multi-polar global scenario, military strategies are increasingly influenced by a nation's economic interests. Consequently, conflicts are anticipated to be more prevalent in the middle and lower segments of the spectrum, underscoring the crucial role of infantry in safeguarding a nation's interests in the future. This transformation envisions specialized infantry units equipped with well-developed core competencies capable of addressing diverse segments of the threat spectrum.

This shift signifies a fundamental change from a threat-centric approach to a capability-based model within the armed forces. The emphasis on versatile and adaptable infantry units reflects the strategic imperative of aligning military capabilities with the evolving geopolitical landscape and the multifaceted nature of contemporary security challenges.
https://thenorthlines.com/defence-budget-for-2024-25-has-to-take-into-account-fresh-geo-political-challenges/

10. Parvatmala Pariyojana: Global Majors Seek Perfect Feasibility Studies On Ropeway Projects *(swarajyamag.com)* ARUN KUMAR DAS | January 24, 2024

The Parvatmala Pariyojana programme, entailing an investment of Rs 1.25 lakh crore over the next five years, for a comprehensive ropeway network and to attract international players, was announced by the centre recently.

Global industry majors urged the centre to focus on carrying out perfect feasibility studies, better estimate of costs and setting realistic deadlines for the ropeway projects.

The global players pointed out that these are key for timely completion of projects, while highlighting how deficient feasibility reports delay the bidding out of projects.

Two such examples are Gaurikund to Kedarnath and Govid Ghat-Ghangaria-Hemkund Sahib in Uttarakhand, which have not been bid out even more than a year after the foundation stones for these projects were laid.

According to sources, the NHLML, a body under the National Highways Authority of India (NHAI) implementing the ropeway projects, has extended the bid due date till this month end.

On Tuesday (23 January), the NHAI and NHLML made a presentation on the target to extend the length of ropeway length from the current 65 km to 360 km, before national and international players at a symposium.

The agencies remarked that so far three projects have been bid out, including the country's first urban ropeway in Varanasi. Seven more are under different stages of bidding and in another 20 projects, the detailed feasibility study is in progress.

In his address, Union Road Transport and Highways Minister Nitin Gadkari said that the foremost priority of the sector in India should be to make ropeways economically viable by bringing down the overall project cost to make this affordable.

Gadkari said focus should be on developing indigenous and cost-efficient solutions without compromising safety.
https://swarajyamag.com/infrastructure/parvatmala-pariyojana-global-majors-seek-perfect-feasibility-studies-on-ropeway-projects

11. Renewable purchase obligations: Unobliging states *(orfonline.org)* Jan 23, 2024

State electricity regulatory commissions (SERCs) mandated by the Electricity Act 20023 (EA 2003), imposed renewable purchase obligations (RPOs) on distribution companies (discoms) to purchase a certain percentage of electricity from renewable energy (RE) sources. Following the amendment of the tariff policy in January 2016, SERCs were required to reserve a minimum percentage for the purchase of solar energy to reach 8 percent of the total consumption of energy (excluding hydropower) by March 2022 or as notified by the central government. In July 2018 the central government notified the long-term growth trajectory of RPOs for solar as well as non-solar RE, uniformly for all states and union territories, reaching 21 percent of RPO by 2022 with 10.5 percent for solar-based electricity. Central government-mandated RPO share beyond 2021-22 as per the MOP order dated 22 July 2022 is expected to touch 43 percent of total energy consumption by 2030. For 2022-23 the total central government-mandated RPO target including hydro purchase obligation (HPO) is 24.61 percent. State government RPO targets are lower by at least 30 percent.

Compliance
On compliance of central RPO targets, “hydro-rich” states score better than “RE-rich” states. In 2022-23, Sikkim led the rankings with 88.4 percent RPO compliance followed by Himachal Pradesh at 78.2 percent and Uttarakhand at 60.4 percent. Among “RE-rich” states Karnataka had the highest compliance of 46.7 percent, followed by Kerala

at 36.3 percent and Andhra Pradesh at 28.5 percent. Poor RPO compliance and enforcement remain key challenges for RE adoption by distribution companies.

Renewable Energy Certificates

RPOs are complimented by renewable energy certificates (RECs), a tradable market-based instrument. RECs were originally designed to facilitate compliance with RPO mandates and serve as a channel for alternative valuation for low-carbon electricity generation. Distribution companies, open-access consumers, and captive power plants had the option of purchasing the REC to meet their RPO. The value of REC is equivalent to 1 MWh (megawatt hour) of electricity injected into the grid from RE sources. States like Rajasthan, Maharashtra, and Tamil Nadu which have a high RE resource endowment, generate RE-based power beyond the RPO targets fixed by the SERCs. However, states like Delhi, West Bengal and Bihar, which have low RE potential, generate RE-based power that is much lower than their RPO target. RECs were designed to address this mismatch. RE generators either sell RE-based power directly at a preferential tariff fixed by the CERC or sell environmental benefits in the form of REC.

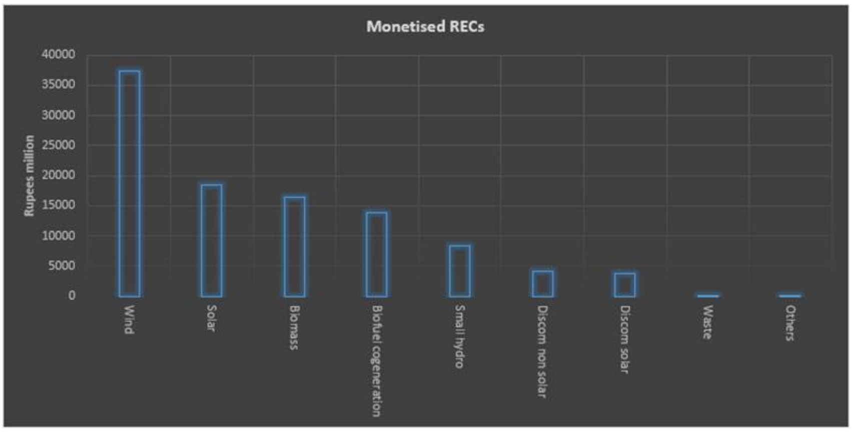
Since the inception of the REC mechanism, over 53 percent of RECs have been purchased by discoms, and over 45 percent by captive power producers (CPPs) and open access (OA) consumers. More than 36 million RECs have been purchased by discoms to offset their RPOs and more than 31 million RECs have been purchased by OA consumers and CPPs. As of March 2022, 1043 RE projects (with 4.5 GW capacity) and 4 discoms were registered under the REC mechanism. More than 56 percent of the capacity registered under the REC belongs to wind generators, and more than 22 percent of capacity is registered to solar power plants. Tamil Nadu state has the highest capacity (more than 1.2 GW) registered under REC.

The REC market has not lived up to expectations, with only a few states fulfilling their RPO through the purchase of either RE or RECs. The failure of the REC mechanism to promote RE adoption by discoms reflects the chronic non-compliance of RPO mandates that are tolerated. REC certification rates have fallen from their peak in 2014-15, and unsold inventory increased to over 19 million in 2023. Until 2022 RECs were exchanged only in the power exchanges approved by CERC within the band of a floor price and a forbearance (ceiling) price determined by CERC. The ceiling price of a solar REC has fallen by over 90 percent since 2010-12 and the price of non-solar REC by over 30 percent. Only about 5 percent of total RE capacity is REC accredited as of December 2023. Freedom to purchase RE type that best suit the load profile of a particular discom may perform better in terms of RPO targets.

Technologies such as floating solar, offshore wind, green hydrogen and energy storage are not included under RPO. A separate solar RPO was mandated at a time when solar prices were above INR 10/kWh and no discom would have purchased it without a mandatory separate obligation. Now solar is the cheapest generation source among RE sources. Merging solar and non-solar RPOs and making them fungible is an option that discoms are likely to prefer. The Maharashtra Electricity Regulatory Commission (MERC) has imposed higher penalties for non-compliance and introduced incentives for over-compliance on RPO mandates. This included a reduction in the annual revenue requirement (ARR) of the distribution licensees at a rate of INR 0.10/kWh for the cumulative shortfall in the total RE procurement target for each year. At the same time, MERC allows an incentive of INR 0.25/kWh of additional RE power procured over and above the specified RPO target by MERC up to the yearly percentage notified by the central government till 2021-22.

REC regulations in 2022 that came into effect in December aimed to restructure the REC mechanism. The new regulations introduced the concept of REC multipliers by technology, increased the validity of RECs to perpetuity until sold and, most vitally, removed the floor and the ceiling price for REC trading. The new rules may add to the uncertainty and risk associated with the REC mechanism in terms of technologies and policies at the state and central levels.

Issues
The REC market is likely to remain constrained due to high market and regulatory uncertainty at the state and central levels. The planned introduction of a carbon market that could potentially absorb the REC market, and competition from other emission reduction solutions adds to the uncertainty. More recent RE procurement methods such as competitive bidding, instruments like green term ahead market (GTAM) and integrated day-ahead market (or green day ahead market or GDAM) and through the inter-state transmission system (ISTS) that waive charges now compete with REC for RPO compliance. If competition in retail electricity is introduced, discoms are likely to prefer the emerging mechanisms that carry greater transparency and predictability than the REC mechanism.



https://www.orfonline.org/research/renewable-purchase-obligations-unobliging-states

12. India may consider higher subsidy for rooftop solar *(cnbctv18.com)* Jan 24, 2024

The Union government could increase the subsidy for rooftop solar to 60% in the 1-5 kilowatt (kW) category, sources told CNBC-TV18 on January 24.

The subsidy for the 1 kW category could be 60%, for the 2-5 kW category it could be 40% and 20% for the 5-10 kW category, sources said. This compares to the current subsidy rates of 40% subsidy for 1-3 kW and 20% for 3 kW-10 kW.

The people familiar with the development cited above added that as per current estimates ₹40,000 crore subsidy for rooftop solar cannot be ruled out. The government's consultation on the proposed subsidy rates is still ongoing, no final decision has been taken yet, they said.

The development comes two days after Prime Minister Narendra Modi launched the Pradhan Mantri Suryoday Yojna under which one crore homes will have rooftop solar systems.

"I have taken my first decision after returning from Ayodhya that our government will launch 'Pradhan Mantri Suryoday Yojna' with the aim to install rooftop solar systems in one crore houses," Modi had said on X.

The new scheme, the PM said, will not only reduce the electricity bills of the poor and the middle class but also make India self-reliant in the energy sector.

The Ministry of New and Renewable Energy (MNRE) will issue guidelines for the scheme soon. The ministry is working out the subsidy details and there will be some rationalisation. https://www.cnbctv18.com/economy/india-may-consider-higher-subsidy-for-rooftop-solar-exclusive-18876521.htm

13. AI is not all that 'green' *(thehindubusinessline.com)* Updated: January 23, 2024

AI is seen as a key element in green transition. But its power needs and e-waste generation are worrying

In the just-concluded World Economic Forum's yearly gabfest of business, political, and other elites in the Alpine snows of Davos, Switzerland, conflict, climate change, and AI got top billing.

In this context, it might be worthwhile to assess the green dilemma of AI as well. At the COP28 summit in Dubai, the world's first AI minister, Omar Sultan Al Olama, stated that AI is the "only solution" for meeting the 1.5 degree target because it can "crunch incredible amounts of data."

However, he issued a warning, that AI would increase emissions because it uses a huge amount of power. That's a classic climate-AI conundrum, and a new doomer narrative about AI is brewing.

Eco quandary
AI seems to play a dual role in the environment and climate. It emerges as a crucial tool in addressing environmental challenges, developing low-emission infrastructure, modelling climate change predictions, and guiding us towards a sustainable future, making it a key player for environmental sustainability. AI has the potential to improve energy efficiency, create smarter energy grids, minimise waste, and foster innovation.

Take a few examples. Google's AI-driven strategy for data centre cooling has reduced energy use by approximately 40 per cent, which is equivalent to removing 64,000 cars from the road annually. Tesla's electric cars have AI-driven autonomous driving technologies, which boost fuel economy and cut pollution.

AI is included in GE Renewable Energy's wind turbines to improve their efficiency. Waste Robotics sorts and separates recyclable materials from waste streams using AI-driven robots, increasing recycling efficiency and decreasing landfill waste.

The Ocean Cleanup attempts to clean up marine environments by tracking and collecting plastic debris in the ocean using AI-powered technologies.

According to a McKinsey estimate, manufacturing with AI improvements might cut greenhouse gas emissions by 10-20 per cent. By analysing soil data, forecasting crop yields, and spotting pest and disease outbreaks, AI can support sustainable agricultural practices as well.

However, AI's impacts on the environment include possible destruction of ecosystems, electronic waste, and carbon emissions.

In a much-cited 2019 study, researchers at the University of Massachusetts, Amherst, conducted a life cycle assessment for training multiple popular big AI models.

It was seen that the process of training a single machine can release about 626,000 pounds of carbon dioxide, which is roughly five times the emissions of an ordinary American car during its lifetime (including during manufacture).

This is also the equivalent of over 300 round-trip flights between New York and San Francisco. That was the GPT-2 era, then. And, in contrast, we're now entering the GPT-5 era.

Technology has been developing far too quickly; its carbon footprint also does. The amount of energy required to train and execute improved AI models increases dramatically with the complexity of the datasets and algorithms.

Power needs

How much power would be needed for the development, training, and execution of AI? Just to give you an idea, NVIDIA's new AI servers would use more energy than countries like Sweden and Argentina by 2027, with an annual consumption of around 85.4 terawatt-hours.

Then, there's the concern about AI-generated e-waste. Recall the 2001 Steven Spielberg movie, A.I. Artificial Intelligence. In the 22nd century setting of the movie, David, a childlike Mecha humanoid robot, was abandoned in the woods, which were full of scrap metal and obsolete Mecha.

Well, we don't have to wait until the 22nd century. AI-generated e-waste is already posing a significant environmental threat. Dangerous substances like lead, mercury, and cadmium are found in e-waste that can contaminate soil and water supplies and harm the environment as well as human health.

The UN Global E-waste Monitor report projects that by 2030, e-waste will reach about 75 million tonnes.

The impact of AI on natural ecosystems is also alarming. An excessive amount of pesticides and fertilisers could be used as a result of the growing usage of AI in agriculture, damaging the land and water and destroying biodiversity.

In order to "develop AI that is reliable and safe and that can... supercharge climate action," UN Secretary-General António Guterres issued a plea. It's definitely not going to be easy to solve. It's also obvious that significant funding will be needed to make data and electricity more environmentally friendly.

While we continue to discuss the issue further in COP29, COP30, etc., the horizon of AI will be expended exponentially, for sure. And AI's carbon footprint would also grow alarmingly. AI's green dilemma would persist. https://www.thehindubusinessline.com/opinion/ai-is-not-all-that-green/article67769752.ece

14. BMC floats fresh tender for construction of P D Mello–Grant Road connector at double the previous cost *(indianexpress.com)*

Updated: January 24, 2024

P Velrasu, additional municipal commissioner (projects), said the new project will consist of a cable-stayed bridge, owing to which there has been a cost escalation.

The Brihanmumbai Municipal Corporation on Tuesday floated a fresh tender for its ambitious project of building an elevated road connecting P D Mello Road (Orange Gate) with Grant Road in south Mumbai.

The bridge will pass through some of the heavily congested localities of Mumbai and this new tender was floated by scrapping the previous tender, which was floated in February last year.

The cost of the project has also doubled since the overall cost for this project in the previous tender was pegged at Rs 638 crore, while the cost of the project in new tender stands at Rs 1,170 crore.

P Velrasu, additional municipal commissioner (projects), said the new project will consist of a cable-stayed bridge, owing to which there has been a cost escalation.

"Earlier, we were only considering construction of a normal flyover that would pass above the existing Hancock bridge. Later, we found out that a cable-stayed bridge would be more feasible for this project. Therefore, a new tender was finalised after considering and incorporating all the design changes in the project," Velrasu told Express on Tuesday.

In a cable-stayed bridge, the weight of the deck is supported by straight high-tension diagonal cables that remain attached with a vertical tower. In Mumbai, the Bandra Worli Sea Link (BWSL) is a cable-stayed bridge.

Velrasu also said that in the previous project, the provision of removing the utilities was not considered. However, a fresh study has been considered before floating the new tender and all the utility channels will be removed.

The said project will also be built on mono piles so that it consumes less space on the surface. The proposed arterial road will be like a dispersal arm that will originate from Orange Gate, which is approximately 1-kilometre away from the P D Mello's drop of the Freeway.

The proposed flyover will be 5.6-kilometre-long and it will connect the southern end of the Eastern Freeway with Grant Road. This stretch is severely congested since it originates from the southern drop of freeway which becomes a bottleneck due to the heavy influx of vehicles during peak hours.

The Eastern Freeway is a 17-kilometre-long high-speed corridor that connects the Eastern Express Highway (EEH) in Chembur at Eastern suburbs with P D Mello Road in south Mumbai, just near the Chhatrapati Shivaji Maharaj Terminus. This Freeway became operational in 2014 and since then has played a key role in connecting the southern end of the city with eastern suburbs. https://indianexpress.com/article/cities/mumbai/bmc-floats-fresh-tender-for-construction-of-p-d-mello-grant-road-connector-at-double-the-previous-cost-9124574/

15. Mumbai: CC roads project in limbo, but BMC plans another mega bid *(timesofindia.indiatimes.com)* Jan 24, 2024

Mumbai: BMC is struggling with its Rs 6,080-crore cement-concrete (CC) road contracts and only 5% work has been completed in one year after work orders were given, but the civic body plans to float new tenders in Feb for around Rs 6,250 crore for concreting another 400 km of roads across Mumbai.

Officials said small three- and six-metre roads and even gaothan roads have been included in the project. They said tenders are likely to be a replica of the 2023 tenders that consisted of five contract packets and could have the same conditions. The five companies that were given work orders in Jan 2023 have failed to perform and face penalties of around Rs 280 crore.

"There will be no revisions of the schedule of rates (SOR)," said additional municipal commissioner (projects), P Velrasu, adding that he couldn't comment on other aspects of the tender like terms and conditions and participation of companies facing penalties.

It was a year ago that Prime Minister Narendra Modi performed the ground breaking ceremony for the CC project.

According to BMC records accessed by TOI, while delays in road words are the main reason for penalties, fines have also been imposed for not complying with other tender conditions like not removing debris, not bringing roads in safe stage before the monsoon last year, non-installation of CCTV cameras and not following air pollution guidelines. MLA and former minister Aaditya Thackeray had last week warned BMC, alleging that the 2023 mega CC contract was an "open and shut case for corruption". “There is smoke and dust everywhere as builders/contractors have dug up every road… I have exposed the CC roads scam. The next government is going to be ours and when the government comes to power, those who have done scams will surely go to jail... I want to tell the municipal commissioner…you are part of this... so be careful," Aaditya said at a public rally at Girgaon. https://timesofindia.indiatimes.com/city/mumbai/cc-roads-project-in-limbo-butbmc-plans-another-mega-bid/articleshow/107097196.cms