NEWS ITEMS ON CAG/ AUDIT REPORTS

1. UDAN needs right wings for maximum flight *(livemint.com)* Aug 23. 2023

Industry experts are of the view that the UDAN scheme needs balanced scrutiny on all stakeholders involved in order to reap the full benefit for a country that is currently at a penetration rate of 3-4% in terms of air travel.

New Delhi: To provide affordable air connectivity to under-connected and unconnected cities in India, the Indian government launched a regional air connectivity scheme in October 2016 called Ude Desh ka Aam Naagrik or UDAN, which in Hindi language means flight. Mint tracks the altitudes the flight soared to and the headwinds it continues to face today.

The take-off

The scheme was launched with an aim to develop the regional aviation market. It envisaged for a market-based mechanism in which airlines bid for seat subsidies and create affordable yet profitable flights on regional routes. While providing connectivity, the scheme aimed to create benefits of enhanced trade and more tourism for state governments, a promise of new routes and more passengers for incumbent airlines, more business for airports, and an opportunity of new, scalable business for startup airlines.

When the scheme was launched, the fare for half the seats for a one-hour journey of around 500 km on a fixed-wing aircraft or a 30-minute journey on a helicopter was capped at ₹2,500 rupees, proportionate pricing for routes of different distances and flight durations.

The airline operator flying under the scheme was to provide half the seats of the flight--minimum of nine and maximum of 40--in a fixed-wing aircraft at a price lower than the specified cap for that sector.

Journey so far

Since the inception of the scheme, the number of domestic airports in India has increased to 132 airports as of July 2023 from 82 airports in 2016, registering a 61% increase. The number of passengers travelled on the UDAN routes increased from around 263,000 in 2017-18 to 2.5 million passengers in 2022-23.

While the broad picture indicates a positive sentiment, the recent audit by Comptroller and Auditor General of India showed that the scheme faces multiple challenges and has not been able to perform to its full potential.

The audit showed that up to UDAN-3, around 52% or 403 out of 774 routes of the awarded routes could not commence operations and from the 371 commenced routes, only 112 routes or 30% completed the full concession period of three years. Further, out of these 112 routes, only 54 routes or 7% of the awarded routes connecting 17 regional Airports could sustain the operations beyond the concession period of three years, as of March 2023.

Out of the 116 airports, heliports, water aerodromes where expenditure was incurred, operations commenced at only 71 or 61% of the airports, heliports, or water aerodromes. Hence, operations could not be commenced or were discontinued at 83 airports, heliports, or water aerodromes even after incurring an expenditure of ₹1,089 crore.

Status check

While the regional connectivity scheme was launched with the intention of promoting regional tourism, the ecosystem still needs to be improved to enable more startup airlines in India catering to remote areas. However, data shows that all four regional carriers that existed in 2016, namely Zoom Air, Air Costa, Air Carnival and TruJet do not exist in 2023. As of July this year, there are only two new regional airlines in India in the form of Star Air and Fly big with a 0.2% market share each in domestic air traffic. State-run Alliance Air has 1% share in the July data.

The CAG audit suggests that the scheme needs an appropriate mechanism to assess the feasibility of routes for achieving the sustainability of operations in the long run and for identification of airports, considering the stage length, availability of alternate mode of transportation, terrain, socio-economic scenario and tourism potential.

Industry experts are of the view that the UDAN scheme needs a balanced scrutiny of all stakeholders involved in order to reap the full benefit for a country that is currently at a penetration rate of 3-4% in terms of air travel. https://www.livemint.com/industry/mint-explainer-udan-needs-right-wings-for-maximum-flight-11692806889228.html

2. Audit Reveals Challenges and Potential of India’s Regional Air Connectivity Scheme (*the1014.co.nz)* Aug 23. 2023

The Indian government introduced the Ude Desh ka Aam Naagrik (UDAN) scheme in October 2016, aimed at providing affordable air connectivity to under-connected and unconnected cities in India. The scheme was designed to develop the regional aviation market by encouraging airlines to bid for seat subsidies and operate profitable flights on regional routes. The goal was to enhance trade, tourism, and business opportunities for various stakeholders.

Initially, the fare for half the seats on flights covering a distance of approximately 500 km or a 30-minute journey on a helicopter was capped at ₹2,500. The designated airline operators would offer a minimum of nine and a maximum of 40 seats at a price below this cap.

Since the launch of the UDAN scheme, the number of domestic airports in India has increased from 82 to 132, reflecting a 61% growth. The number of passengers traveling on UDAN routes has also seen a significant rise, reaching 2.5 million passengers in the 2022-23 period, compared to around 263,000 in 2017-18.

However, an audit conducted by the Comptroller and Auditor General of India revealed several challenges and shortcomings in the implementation of the scheme. Out of the 774 awarded routes, 52% (403 routes) were unable to commence operations. Only 30% (112 routes) of the commenced routes completed the three-year concession period, and just 7% (54 routes) were able to sustain operations beyond the concession period.

Moreover, operations could not be initiated or were discontinued at 83 airports, heliports, or water aerodromes, despite an expenditure of ₹1,089 crore. This indicates a need for a more comprehensive mechanism to assess route feasibility and airport selection, considering factors such as transportation alternatives, terrain, socio-economic conditions, and tourism potential.

The UDAN scheme still faces challenges in promoting regional tourism and encouraging startup airlines to cater to remote areas. Currently, there are only two new regional airlines in India, with a market share of 0.2% each in domestic air traffic. The audit highlights the importance of a balanced scrutiny of all stakeholders involved to maximize the scheme's benefits in a country with a low air travel penetration rate of 3-4%.

Overall, while the regional air connectivity scheme has made progress, it needs further improvements to fulfill its potential and provide affordable air travel options to all corners of the country. https://the1014.co.nz/uncategorized/mint-explainer-udan-needs-right-wings-for-maximum-flight/46581/

3. CAG Report Exposes Delays: Chennai's Vital Highway Projects Mired in Bureaucratic Red Tape *(swarajyamag.com)* August 24, 2023

The pending projects include the eight-lane expansion of the Chennai Madurai highway (93 km), Chennai-Bengaluru Highway (158 km), and the new Chennai-Salem highway (277 km).

Experts attribute the delays to court cases related to land acquisition, the tender process, and lack of coordination between the state and Union governments.

After seven years, an audit of the Bharatmala Pariyojana revealed that expansion work on three major high-priority highways is still pending which connect Chennai with other Tamil Nadu districts and Karnataka.

The Ministry of Road Transport and Highways (MoRTh) launched the 'Bharatmala Pariyojana' to address excessive delays in highway development. This program aims to develop key economic highway corridors in the country.

The pending projects include the eight-lane expansion of the Chennai- Madurai highway (93 km), Chennai-Bengaluru Highway (158 km), and the new Chennai-Salem highway (277 km).

The recent Comptroller and Auditor General (CAG) report stated that no specific timelines were set for awarding or completing projects, rendering the priorities meaningless.

The National Highways Authority of India (NHAI) has not yet responded to the CAG report. These highways witness a daily traffic volume of over 50,000 vehicles. Experts attribute the delays to court cases related to land acquisition, the tender process, and a lack of coordination between the state and Union governments.

As per the Economic Times report, the delay in road repairs by NHAI has not only exacerbated traffic congestion but also compromised the safety of commuters.

A recent report by MoRTH reveals that nearly one-third of road accidents in Tamil Nadu occur on NHAI stretches.

Despite this alarming statistic, the NHAI has been slow in addressing accident-prone areas, as highlighted in a report by the CAG released last week.

Between 2011 and 2018, the central agency identified approximately 263 accident black spots (locations with five or more accidents in a year) on national highway stretches in and around Chennai.

However, only nine of these black spots have been permanently rectified. NHAI Chennai officials claim that short-term measures have been implemented at 74 spots, with the remaining work set to be completed within a year.

Transportation plays a crucial role in socio-economic development, according to K P Subramanian, a retired professor of Transportation Engineering and Urban Planning at Anna University. He emphasises that delaying road expansion projects will have a negative impact on the state's economic growth and contribute to inflation.

In summary, the delay in road expansion and repairs has far-reaching consequences for Tamil Nadu's economic growth, inflation rates, and the safety of commuters. It is crucial for NHAI to prioritise and expedite the rectification of accident black spots to reduce the alarming number of road accidents in the state. https://swarajyamag.com/infrastructure/cag-report-exposes-delays-chennais-vital-highway-projects-mired-in-bureaucratic-red-tape

4. Chennai's big ticket highway projects are stuck in red tape: CAG *(timesofindia.indiatimes.com)* Aug 24, 2023

To put an end to inordinate delays, the Ministry of Road Transport and Highways (MoRTh) had launched ' Bharatmala Pariyojana', an umbrella programme to develop key economic highway corridors in the country.

Seven years later, an audit of the programme has revealed that expansion work along the three major high-priority highways, connecting Chennai with other Tamil Nadu districts and Karnataka, are still pending.

This includes eight-lane work on Chennai Madurai highway (93 km), Chennai-Bengaluru (158 km) and new ChennaiSalem (277 km) highway projects.

This includes eight-lane work on Chennai Madurai highway (93 km), Chennai-Bengaluru (158 km) and new Chennai -Bengaluru (158 km) and new Chennai-Salem (277 km) highway projects. "No timelines wereprescribed either for award or for completion of projects falling in any particular priority, rendering the priorities meaningless," the Comptroller and Auditor General (CAG) report, released last week, said.

The National Highways Authority of India (NHAI) did not submit its reply to CAG. More than 50,000 vehicles use these stretches every day. Experts attribute the delays to three reasons: Court cases associated with acquiring private land for projects, tender process and lack of coordination between state and Union governments.

K P Subramanian, retired professor, Transportation Engineering & Urban Planning, Anna University said, "Transportation is the catalyst for socio-economic devel opment. Postponing road expansion works will definitely have an adverse impact on the state's economic growth. Consequently, it will also cause inflation".

This delay by NHAI has not only worsened the traffic congestion but has made safe commute a farfetched notion. Nearly one-third of road accidents in Tamil Nadu occur on NHAI stretches, according to the MoRTH report. Despite this, the NHAI has remained sluggish in repairing accident-prone stretches, stated another report by CAG released last week.

The central agency between 2011 and 2018 had identified close to 263 accident blackspots (five or more accidents in a year) on national highway stretches in and around Chennai.

Of this, only nine have been permanently rectified. NHAI Chennai officials said shortterm measures were completed at 74 spots, and the remaining work will be completed in a year.

"Without speed-control measures, rash driving has become the norm on Chennai-Tindivanam stretch where four people died just last week," said S Yuvraj from Tamil Nadu Truck Owners' Association.

Despite chief minister M K Stalin's concern about poor maintenance of Chennai-Bengaluru highway, not much has changed. Intersections where construction work are happening are riddled with potholes or craters. "Leave aside relaying roads, the NHAI is not even ready to repair streetlights on Chennai-Madurai highway for over a year now," said G Ganesh, a Singaperumalkoil resident. https://timesofindia.indiatimes.com/city/chennai/chennais-big-ticket-highway-projects-are-stuck-in-red-tape-cag/articleshow/103000468.cms?from=mdr

5. ‘No wrongdoing in any infra project’: Nitin Gadkari *(livemint.com)* Aug 24. 2023

NEW DELHI: Contesting claims of a cost overrun in the construction of the Dwarka Expressway by the Comptroller and Auditor General’s (CAG), Union minister for road transport and highways Nitin Gadkari asserted that the project did not experience any cost overrun or corruption.

Speaking at the Mint Sustainability Summit 2023 on Wednesday, he, however, added that ministry officials erred in not providing a written response to CAG's findings.

"In the Bharatmala programme, there was no detailed estimated cost. It was written separately that the cost of ring roads and flyovers would be finalized after the DPR (detailed project report) is ready. In the case of Dwarka Expressway, for the first time, there have been multiple developments. There are tunnels, bridges and bridges over bridges. It is a state-of-the-art project. Despite that, our cost is ₹18.5 crore (per kilometre) only."

He said in the meeting with CAG, officials with the ministry verbally explained the matter and did not submit a written response, which should have been filed. "That was our mistake."

Claiming that no person can blame him for corruption of even a small amount, Gadkari said if found guilty, he is ready to get punished. "We are transparent, time-bound, result-oriented, quality-conscious and corruption-free."

The recent CAG report created a political row after it flagged a huge cost overrun in the construction of the Dwarka Expressway. According to the report, the expressway, which spans 29.06 km, is being built at the cost of ₹250.77 crore per km, against the estimated ₹18.2 crore per km that was sanctioned by the Cabinet Committee on Economic Affairs (CCEA).

Mint last week reported that the ministry would now try to convey its comments on the issue to CAG and would submit its views whenever it came up for discussion in the Public Accounts Committee.

Speaking on the government's policy initiatives to boost infrastructure in the country, he said the government has come up with a ₹65,000 crore 'Delhi Decongestion Plan', out of which work of nearly ₹25,000 crore is completed, and work of another ₹33,000 crore is in progress. Further, projects worth nearly ₹6,000 crore would be taken up.

The plan involves a total of 16 projects, including the Dwarka Expressway, where 80% of the work is complete, he said. He also said an additional ₹1,500 crore may be provided to make roads in the national capital dust-free and improve the landscape and drainage systems around the road infrastructure. The plans come against the backdrop of several instances of water logging in the national capital after heavy rains this year.

On the policy to mandate minimum use of 25% precast components in national highways, expressways and centrally sponsored infrastructure projects, he said the initiative would lead to saving of both cost and time, along with ensuring the usage of high-quality raw material. https://www.livemint.com/news/india/no-wrongdoing-in-any-infra-project-11692815220741.html

6. What CAG's indictment of Nitin Gadkari's ministry Signals *(scroll.in)* Aug 24. 2023

On August 10, a report by the Comptroller and Auditor General of India tabled in Parliament observed that the construction cost of the Dwarka Expressway built by the Ministry of Surface Transport was hugely inflated.

It said that instead of Rs 18 crore per km for the project sanctioned by the Cabinet Committee on Economic Affairs, the ministry spent about Rs 250 crore per km.

Minister Nitin Gadkari claimed that he had explained the discrepancies to the CAG but his department had erred by making its written submission late. He said that the report had failed to take into account several components of the 29-km project, such as some flyovers and a 6-km tunnel.

The tabling of the CAG report against Gadkari's ministry suggests that there is more to it than meets the eye. It comes against the backdrop of a much-discussed cold war between Prime Minister Narendra Modi and Gadkari. Speculation has been rife that in the eventuality of the Bharatiya Janata Party falling short of a majority in next year's general election and needing support from Opposition parties to cobble up a coalition government, Gadkari could be the likely replacement for Modi.

After all, the BJP's predatory politics under Modi have antagonised not only the entire Opposition but also long-standing alliance partners such as the Shiv Sena and Akali Dal. The chances of some Opposition parties falling for Modi's post-election overtures to form a coalition government have worn out thin.

In that eventuality, there is no other credible name in BJP other than Gadkari acceptable to the Opposition as a whole. As a consequence, the CAG indictment of Gadkari appears more than an honest reporting by the government's premier auditor.

Leaving aside the possible flaws in the cost calculations by CAG about this project, it is nobody's case that the Modi government would not have been able to shield Gadkari even if the transport ministry would have been genuinely guilty of the cost overrun.

After all, the Modi government has stood firmly behind its MP Brij Bhushan Sharan Singh, who has been accused of sexual harassment by some of India's leading women wrestlers.

The Modi government has had no qualms about using government institutions to defend its deployment of opaque instruments such as the PM Cares Fund and anonymous electoral bonds. Should it have wanted, it would not have been difficult to influence the CAG – led by an officer from the Gujarat cadre – to sound the all-clear in the accounts of the Dwarka Expressway.

But the Modi government chose to put Gadkari in the box. This though he is rated by almost all political observers as well as an overwhelming section of the public as the brightest star in the otherwise-lacklustre Team Modi.

So why is Gadkari being made to feel the heat at a time when the BJP is going to the public with its report card seeking re-election in 2024?

Cornering Gadkari supports the speculation that Modi is not confident of getting a clear majority this time and hence doesn't want to leave anything to chance for his return as prime minister.

The CAG shadow over Gadkari's prospects in the run-up to the 2024 election seems to be a throwback to 2012, when the minister from Maharashtra had to bow out of the run for BJP president and as possible contender for the prime minister's post in 2014 for the second time.

At the time, senior BJP leaders were believed to have ganged up against him by leaking files of alleged corruption in Gadkari's Purti Group of Industries to the media.

It was not only Gadkari, who was then at the receiving end of the machinations, but the Rashtriya Swayamsevak Sangh too. The Sangh had exercised its authority to put Gadkari to those positions.

The Sangh became quietly reconciled to being left high and dry and helplessly watched its authority over the BJP being eroded. Ten years on, it continues to be overshadowed by Modi's overwhelming personality cult.

But at a time when the Rashtriya Swayamsevak Sangh has itself surmised that Modi's persona and Hindutva plank will not be sufficient to keep BJP's victory chances alive in 2024, can the parent organisation remain a mute spectator to the re-run of the Gadkari saga?

The Sangh can only ill-afford to see the BJP lose power a year ahead of 2025, when it plans to celebrate its centenary with gusto. It will need to use its good offices, if not authority, with the Modi government, to ensure that the intra-party power struggle does not precipitate to the level where the opportunity to re-establish itself in power slips out of the BJP's hands.

Clearly, the latest Gadkari episode has a much greater bearing on the Sangh's immediate future than on Gadkari's future politics.

All eyes would now be on the Sangh. But will it blink? That is something to watch out keenly for. https://scroll.in/article/1054771/what-cags-indictment-of-nitin-gadkaris-ministry-signals

7. Needed, a well-crafted social security net for all *(thehindu.com)*

Feroze Varun Gandhi | August 24, 2023

India needs to aspire to provide social security to all of its workforce, in a manner that is fiscally and administratively feasible

Around 53% of all of the salaried workforce does not have any social security benefits in India, according to the Periodic Labour Force Survey Annual Report 2021-22, and which has been cited in the media. In effect, this means that such employees have no access to a provident fund, pension, and health care and disability insurance. Another conclusion is that just 1.9% of the poorest 20% quintile of India's workforce has access to any benefits. Meanwhile, gig workers, or approximately 1.3% of India's active labour force, rarely have access to any social security benefit. India's social security system is also ranked poorly; Mercer CFS ranked it at 40 out of 43 countries in 2021.

India's policymakers have largely ignored social security. While policies are often announced, budgetary allocation has always been limited and utilisation even less so. In FY11, the National Social Security Fund was set up for unorganised sector workers, with an initial allocation of just ₹1,000 crore to support schemes for weavers, rickshaw pullers and bidi workers to name a few. The amount was a pittance when compared to a requirement of over ₹22,841 crore — as estimated by the Centre for Budget and Governance Accountability.

A Comptroller and Auditor General of India (CAG) audit on the scheme in FY17 identified ₹1,927 crore (the entire amount accumulated since inception) had just not been utilised. Consequently, select social security schemes have been left moribund. Take the National Social Assistance Programme that was set up in the 1990s, with a focus on old-age poor individuals with no able-bodied earners in their household, who were eligible to earn a monthly pension of ₹75. Contribution by the Centre to old-age pension schemes has stagnated at ₹200 a month since 2006, i.e., below the minimum wage per day. Similarly, in July 2022, the CAG identified that the cess collected for the provision of social security to construction workers in Delhi was poorly utilised — approximately 94% of the money was not utilised. In Haryana, the CAG noted that the direct benefit scheme of the State's Social Justice and Empowerment Department had seen the transfer of ₹ 98.96 crore to the accounts of deceased beneficiaries. Meanwhile, budgetary cuts to the Mahatma Gandhi National Rural Employment Guarantee Act continue.

Schemes overseas

How is it in other countries? Brazil's General Social Security Scheme is contribution-based, substituting income loss for a worker (and his family), whether in partial or full. This covers any situation due to an accident at work, a disability that prevents the worker from working, death, an illness/medical treatment that leads to time away from work, family burdens, or the prospect of unemployment (Brazilian Good Practices in Social Security, International Labour Organization, or ILO, 2013). Even income loss that occurs due to a worker being imprisoned is covered by the low-income insured (ILO, 2013). Unemployment insurance is paid from worker support funds, and health care is covered through the Unified Health System. The Constitution itself has established that if there is a lack of funds, the National Treasury will step in (ILO, 2013). Social security benefits can be availed of with a simple phone call or a visit to a bank, with no requirement to submit endless documents, as highlighted in Brazilian Good Practices in Social Security.

Approximately 91% (or around 475 million) of India's workforce works in the informal sector. It lacks access to social security. In two decades, India will be an aging society — for such workers with limited savings, there will be no significant social protection. While the Code on Social Security (2020) merged existing social security legislation, it dealt fundamentally with formal enterprises and did not cover informal ones.

Steps for India to take

India should aspire to provide social security to all of its workforce, in a manner that is fiscally and administratively feasible. Three broad principles come to mind: we must expand employer and employee contribution under the Employees' Provident Fund Organisation (EPFO) system for formal workers. For informal workers with meaningful income (whether self-employed or in an informal enterprise), partial contributions can be elicited, along with persuading informal enterprises to formalise and expand their total contribution. And for those who are unemployed or have stopped looking for work, or do not earn enough, the government should step in. It is estimated that the cost of providing social protection to the poorest 20% of the workforce would be ₹1.37 trillion (including those who are elderly, pregnant or disabled) — a cost of approximately 0.69% of GDP in FY20.

Additional reforms are needed. There has been some progress. It was heartening to see the government push for a Code on Social Security in 2020, which sought to provide a statutory framework to enable social security for the urban and rural poor, construction workers, those in the gig industry and informal sector workers — it proposed the provision of life insurance, disability insurance, accident insurance, as well as maternity and health-care benefits along with old-age protection and crèche facilities for gig workers. A push for greater digitisation under the e-Shram platform has enabled the enrolment of approximately 300 million workers while expanding coverage of accident insurance (of ₹2 lakh cover) and disability (of ₹1 lakh cover).

However, much more needs to be done; e-Shram puts the burden of registration on informal workers, who are required to furnish a self-declaration and share their Aadhaar card; there is no responsibility/incentive given to their employer (even temporary) to foster registration. Bringing employers into the process would have enabled the formalisation of employee-employer relationships. We could have done much more, pushing informal employers to make social security entitlements mandatory and not voluntary.

Greater support is required for financing social security for the majority of India's labour force, moving beyond construction and gig workers. There must be a push for a pan-India labour force card and an expansion of existing successful schemes such as the Building and Other Construction Workers Schemes to other categories of workers. Such expansion requires a loosening of existing restrictions on benefit portability, having a 90-day mandatory cooling period, as well as a more straightforward registration process.

Special attention is required for domestic workers (usually female), who are never sure when their employment may be terminated. Migrant workers often face discrimination and suspicion from authorities in their working area so coverage of social services such as child care can be expanded. Domestic workers must also organise themselves across India's cities.

On existing schemes

We may also strengthen existing schemes, for example the Employees' Provident Fund (EPF), the Employees' State Insurance Scheme (ESI), and the National Social Assistance Programme (NSAP), with budgetary support and expansion of coverage. Administratively, there is much tinkering that can be done. For example, the existing social security framework for unorganised workers has become complex, with overlapping areas of authority between the State and Centre, and confusing definitions being used such as between a platform worker, an unorganised worker and someone who is self-employed.

We need a more significant push to raise awareness about social security to ensure that more workers are aware of the available benefits. Organisations such as the Self-Employed Women's Association which run Shakti Kendras (worker facilitation centres), may be funded to run campaigns (especially for women) to provide greater information on social security rights, along with services and schemes that the government offers.

The time has come for India to consolidate its existing social security schemes/ad hoc measures and provide universal social security to its entire labour workforce. With jobs becoming increasingly on-demand and hire/fire policies proliferating, India's workers are increasingly insecure on the job front. To have the fruits of growth trickle down while offering a sense of social security, policymakers must discard supply-side shibboleths to embrace policies that enable equitable growth. https://www.thehindu.com/opinion/lead/needed-a-well-crafted-social-security-net-for-all/article67227492.ece

8. Panel formed for 'restructuring and redefining' role of DRDO *(thehindubusinessline.com)* Aug 23, 2023

A nine-member committee headed by former Principal Scientific Advisor to government, K Vijay Raghavan, has been set up by the Ministry of Defence (MoD) to review functioning of Defence Research and Development Organisation (DRDO) and suggest "restructuring and redefining" of its role to improve the output of the state-owned agency, aiding government's move to make India self-reliant in military sector.

Defence minister Rajnath Singh gave the nod for review of the DRDO functioning more than a fortnight back and the committee has been asked to submit its report in three month's time, government sources told businessline. There are about 7,000 scientists, said ministry sources aware of development, working with the DRDO and there was need to fix accountability to clean up the system, enthuse professionalism and ensure time bound delivery mechanisms.

On the directions of the MoD, the DRDO had also taken punitive action against black sheeps in the organisation including sacking a senior scientist, Pradeep Kurulkar, who was arrested in May by the Maharashtra Anti-Terrorism Squad (ATS) for passing confidential information to a Pakistani agent.

After the committee submits its report, the ministry plans to have a brainstorming session on it with the help of domain experts including from abroad, government sources stated.

Other members of the committee are - former Deputy Chief of Army Lt Gen (Retd) Subrata Saha, former Vice Chief of Navy, Vice-Admiral SN Ghormade, former Chief of Integrated Staff Air Marshal BR Krishna, DG of Manohar Parrikar Institute for Defence Studies and Analyses Sujan R Chinoy, IIT Kanpur's Manindra Agarwal , S.P.

Shukla, outgoing President SIDM, Larsen and Toubro Defence's JD Patil, ISRO scientist S Unnikrishnan Nair, and Rasika Chaube, Financial Advisor of MoD.

The terms of reference of the committee, apart from restructuring and redefining its role, incorporates engagement with academia, start-ups and industry for new generation technologies, infuse high-quality manpower with strict performance accountability and weed out non-performers. The panel has also been empowered to recommend modernisation of administrative, personnel and financial systems for quicker development of projects. Rationalisation of laboratory structure is also part of the terms of reference of the committee.

The move comes after Comptroller and Auditor General (CAG) of India came up with a report last December, indicting the DRDO for declaring 20 mission mode projects 'successful' despite not achieving their objectives. Businessline had reported that the auditors had taken strong exception to the fact that between January 2010 and December 2019, the DRDO had closed 103 mission mode (MM) projects, undertaken on proven and readily accessible technologies, after incurring an expenditure of ₹2,505.23 crore.

Earlier too, Dr P Rama Rao Committee was constituted to review the functioning of the DRDO. All the recommendations by the Committee were accepted by the DRDO but for creation of a Board of Research for Advanced Defence Sciences (BRADS) to function on the lines of Defence Advanced Research Projects Agency (DARPA) of USA. https://www.thehindubusinessline.com/news/panel-formed-for-restructuring-and-redefining-role-of-drdo/article67227736.ece

9. सीएजी की रिपोर्ट में वर्तमान सरकार पर एक और खुलासा

(rashtriyakhabar.com) Aug 23, 2023

भारतमाला परियोजना के बारे में भी सीएजी की एक रिपोर्ट में गड़बड़ियों की तरफ इशारा किया गया है। इसमें कहा गया है कि कम से कम एक अडानी ट्रांसपोर्ट के नेतृत्व वाले कंसोर्टियम, कथित भाजपा लिंक वाली एक फर्म और भाजपा को दान देने वाली चार कंपनियों को केंद्र सरकार की भारतमाला परियोजना के पहले चरण के तहत सड़क निर्माण परियोजनाओं से सम्मानित किया गया है। नियंत्रक एवं महालेखा परीक्षक की एक हालिया रिपोर्ट में इन सभी कंपनियों को दिए गए कामों में अनियमितताएं पाई गईं। अदानी ट्रांसपोर्ट के नेतृत्व वाला कंसोर्टियम सूर्यापेट खम्मम रोड प्राइवेट लिमिटेड है। इसे हाइब्रिड वार्षिकी मॉडल के तहत तेलंगाना में सूर्यापेट और खम्मम के बीच राष्ट्रीय राजमार्ग को चार लेन करने की परियोजना से सम्मानित किया गया था। कंपनी राजमार्ग क्षेत्र में निर्माण कार्य का अनुभव होने की अपेक्षित शर्त को पूरा नहीं करती थी।

फिर भाजपा नेता नवीन जैन द्वारा प्रचारित बुनियादी ढांचा कंपनी पीएनआर इन्फोटेक का मामला है। पीएनआर इन्फोटेक को अगस्त 2019 में मूल अनुमान से 17.44 प्रतिशत अधिक लागत पर लखनऊ रिंग रोड के पैकेज 1 का ठेका दिया गया था। बोली लागत संशोधित अनुमान से भी 2.02 प्रतिशत अधिक हो गई। उस समय जैन आगरा के मेयर थे। सीएजी रिपोर्ट में चार कंपनियों - आईआरबी इंफ्रास्ट्रक्चर डेवलपर्स, जे कुमार इंफ्राप्रोजेक्ट्स, लार्सन एंड टुब्रो और एमकेसी इंफ्रास्ट्रक्चर लिमिटेड - के साथ अनियमितताओं का दस्तावेजीकरण किया गया है, जिन्होंने 2013 और 2021 के बीच भाजपा को 77 करोड़ रुपये से अधिक की संचयी राशि का दान दिया था।

सीएजी की रिपोर्ट के मुताबिक, सूर्यापेट खम्मम रोड प्राइवेट लिमिटेड के प्रमुख सदस्य ने किसी अन्य कंपनी का अनुभव प्रमाण पत्र जमा किया था। इस अन्य कंपनी ने राजमार्ग निर्माण क्षेत्र में भी काम

नहीं किया, इसने बिजली क्षेत्र में काम किया। रिपोर्ट में कहा गया है कि प्रमुख सदस्यों की कुल संपत्ति पर चार्टर्ड अकाउंटेंट प्रमाणपत्र, जो कि 304.33 करोड़ रुपये होना आवश्यक है, एक तीसरे पक्ष के नाम पर था। जबकि अडानी फर्म के पास कंसोर्टियम में 74 प्रतिशत की बड़ी हिस्सेदारी थी, उसने राजमार्ग क्षेत्र में निर्माण कार्यों में पांच साल के अनुभव के संबंध में प्रस्ताव के लिए अनुरोध की शर्त को पूरा नहीं किया। बोलीदाता द्वारा प्रस्तुत कार्यों की सूची के अनुसार कंपनी ने कभी भी "प्रत्यक्ष या अप्रत्यक्ष रूप से" कोई निर्माण कार्य नहीं किया था।

हालाँकि, भारतीय राष्ट्रीय राजमार्ग प्राधिकरण ने मार्च 2019 में 1,566.30 करोड़ रुपये की बोली परियोजना लागत पर बिना किसी कारण के रिकॉर्ड पर बोली लगाने वाले को तकनीकी रूप से योग्य घोषित कर दिया। हाइब्रिड वार्षिकी मॉडल के तहत, एनएचएआई ने परियोजना पर कुल व्यय का 40 प्रतिशत भुगतान किया। शेष 60 प्रतिशत की व्यवस्था सड़क डेवलपर द्वारा की जानी थी, जो आमतौर पर परियोजना लागत का लगभग 20-25 प्रतिशत वित्तपोषित करता था और शेष राशि के लिए कर्ज लेता था। अडानी समूह के प्रवक्ता से संपर्क किया. प्रवक्ता ने कहा, हम किसी भी सुझाव को दृढ़ता से खारिज करते हैं कि अदानी समूह और उसके व्यवसायों ने न्यायक्षेत्र के नियमों और लेखांकन मानकों के अनुसार काम नहीं किया है।

7 मार्च, 2019 को, लखनऊ रिंग रोड के पैकेज 1 के लिए 904.31 करोड़ रुपये की अनुमानित परियोजना लागत पर बोलियां जारी की गईं। आश्चर्यजनक रूप से, पीएनसी इन्फोटेक को 1,062 करोड़ रुपये में ठेका दिया गया - जो मूल अनुमान से 17.44 प्रतिशत अधिक था। एनएचएआई का मूल अनुमान 2016-17 की निर्धारित दरों पर आधारित था। परियोजना की अनुमानित लागत को बाद में 2019 की दरों के आधार पर संशोधित किया गया था।

लेकिन फिर भी, जैसा कि सीएजी रिपोर्ट में बताया गया है, जैन की कंपनी की बोली बोली अनुमान से 2.02 प्रतिशत अधिक थी। आईआरबी इंफ्रास्ट्रक्चर डेवलपर्स, जिसने 68 प्रतिशत कम प्रीमियम पर हापुड बाईपास-मुरादाबाद राजमार्ग परियोजना के लिए एनएचएआई अनुबंध जीता, ने 2013 से भाजपा को लगभग 65 करोड़ रुपये का दान दिया है। दिसंबर 2018 में, जे कुमार इंफ्राप्रोजेक्ट्स ने द्वारका एक्सप्रेसवे पैकेज 1 के लिए 1,349 करोड़ रुपये का अनुबंध जीता।

सीएजी रिपोर्ट में कहा गया है कि कंपनी प्रस्ताव शर्त के अनुरोध को पूरा करने में विफल रही, इसके बावजूद ऐसा हुआ। प्रस्ताव में कहा गया है कि विजेता बोली लगाने वाले को कम से कम एकल या जुड़वां ट्यूबों वाली एक गहरी या उथली सुरंग का निर्माण पूरा करना होगा। 2013 से 2018 के बीच जे कुमार इंफ्राप्रोजेक्ट्स ने भाजपा को करीब 6.46 करोड़ रुपये का चंदा दिया। इसने पार्टी को 2017-18 में 5.25 करोड़ रुपये, 2015-16 में 1 करोड़ रुपये और 2013-14 में 21 लाख रुपये दिए।

कंपनी के स्वतंत्र निदेशकों में पूर्व आईएएस अधिकारी राघव चंद्रा शामिल हैं, जो 2015 और 2016 के बीच एनएचएआई के अध्यक्ष रहे थे। चंद्रा जीआर हाईवे इन्वेस्टमेंट मैनेजर, जीआर इंफ्राप्रोजेक्ट की सहायक कंपनी के अतिरिक्त निदेशक और अदानी समूह के बिजनेस पार्टनर के साथ एक स्वतंत्र निदेशक भी हैं। गौरतलब है कि जे कुमार इंफ्राप्रोजेक्ट को 2015 के एक सड़क घोटाले के सिलसिले में 2016 में बृहन्मुंबई नगर निगम द्वारा ब्लैकलिस्ट किया गया था। 2021 में, यह तब खबर बनी जब मुंबई में इसका निर्माण कर रहा एक फ्लाईओवर ढह गया।

दिल्ली-वडोदरा एक्सप्रेसवे के संबंध में, सीएजी रिपोर्ट ने एनएचएआई द्वारा जियांगक्सी कंस्ट्रक्शन इंजीनियरिंग कॉरपोरेशन, एमकेसी इंफ्रास्ट्रक्चर, जीआर इंफ्राप्रोजेक्ट्स, लार्सन एंड टुब्रो और जीएचवी इंडिया के संयुक्त उद्यम को पैकेज 17 से 25 के लिए अनुबंध देने में विसंगतियों को चिह्नित किया। लार्सन एंड टुब्रो ने 2014-15 में भाजपा को 5 करोड़ रुपये का चंदा दिया था और एमकेसी इंफ्रास्ट्रक्चर लिमिटेड ने 2018 से 2020 के बीच 75 लाख रुपये का चंदा दिया था।

सीएजी रिपोर्ट में कहा गया है कि दिल्ली-वडोदरा एक्सप्रेसवे की अनुमानित नागरिक लागत 32,839 करोड़ रुपये थी, जबकि पूर्व-निर्माण लागत 11,209.21 करोड़ रुपये थी - दोनों को 31 परियोजनाओं

में विभाजित किया गया था। जिन आठ परियोजनाओं में अनियमितताएं दर्ज की गईं, उन्हें मई 2019 से जून 2020 के बीच आवंटित किया गया था। पिछले साल जून में बिहार के किशनगंज में निर्माणाधीन पुल ढहने के बाद जीआर इंफ्राप्रोजेक्ट सार्वजनिक जांच के दायरे में आ गया था।

कर्मचारियों पर सड़क परियोजना बिलों को मंजूरी देने के लिए एनएचएआई अधिकारियों को कथित रूप से रिश्वत देने का आरोप लगने के बाद सीबीआई ने इसके कार्यालयों पर भी छापा मारा था। सीएजी रिपोर्ट में एनएचएआई द्वारा केआरसी इंफ्राप्रोजेक्ट्स को ग्वालियर-शिवपुरी राजमार्ग के चार किलोमीटर लंबे हिस्से के लिए दिए गए एक अनुबंध पर भी प्रकाश डाला गया।

2018 में 18.39 करोड़ रुपये का ठेका दिया गया था। इस बीच, लखनऊ रिंग रोड पैकेज 3बी के लिए, एनएचएआई ने फर्जी बोली दस्तावेजों के सबूत के बावजूद बोली लगाने वाले के साथ आगे बढ़े। मणिपुर में चुराचांदपुर-तुइवई परियोजना पैकेज 2बी में, आवश्यक बोली क्षमता को पूरा करने में विफल रहने के बावजूद बोली लगाने वाले ने बोली जीत ली। बोली लगाने वाले की अनुमानित बोली क्षमता 240.01 करोड़ रुपये की आवश्यक बोली क्षमता के मुकाबले 101.48 करोड़ रुपये थी। इसके बावजूद, बोली की निर्धारित प्रक्रिया का स्पष्ट उल्लंघन करते हुए ठेकेदार को काम सौंप दिया गया, ऐसा सीएजी रिपोर्ट में कहा गया है। https://rashtriyakhabar.com/106900/

STATES NEWS ITEMS

10. गाजियाबाद प्राधिकरण में हड़कंप: कैग ने मांगी रिपोर्ट, अफसरों के पैरों तले से निकल गई जमीन *(tricitytoday.com)* Aug 23, 2023

आयुष्मान भारत, द्वारका एक्सप्रेसवे परियोजना जैसी केंद्र की बड़ी योजना पर कैग की रिपोर्ट आने के बाद से जहां केंद्र की भाजपा सरकार की सांसे हुईं है और विपक्ष हमलावर है। अब कैग ने गाजियाबाद प्राधिकरण में दस्तक दे दी है। जिसके बाद प्राधिकरण में हड़कंप मच गया है। नियंत्रक और महालेखा परीक्षक (CAG) ने प्राधिकरण से सरकारी जमीनों से संबंधित रिपोर्ट मांगी है। जिसके बाद जीडीए में अजीब सी बेचैनी देखी जा सकती है। दरअसल जीडीए की लगभग 25 हेक्टेयर जमीन पर भूमाफिया का अवैध कब्जा है। जीडीए भूमाफिया के खिलाफ अभियान चलाकर अपनी जमीन को कब्जा मुक्त भी कर रहा है। लेकिन, अब जीडीए की जमीन पर कब्जा या अतिक्रमण होने पर जोन के अधिकारी एवं कर्मचारियों पर कार्रवाई की जाएगी।

जीडीए के हर जोन में कब्जा

जीडीए के सभी 8 जोन में विभिन्न योजनाएं हैं। इसमें करीब 25 हेक्टेयर भूमि पर भूमाफिया का कब्जा है। जिसकी कीमत 500 करोड़ रुपये से अधिक है। जीडीए की इंदिरापुरम, वैशाली, कौशांबी योजना में करीब 14 हेक्टेयर जमीन पर कब्जा है, इसमें से 7 हेक्टेयर कब्जा मुक्त कराई जा चुकी है, किन्तु अभी भी आधी जमीन पर कब्जा है। इसमें से करीब चार हेक्टेयर जमीन पर आबादी है। 2.50 हेक्टेयर जमीन पर कोर्ट का स्टेआर्डर है। ऐसे में सिर्फ आधा हेक्टेयर जमीन को खाली करना संभव नहीं है। जीडीए की इंद्रप्रस्थ योजना में करीब 11 हेक्टेयर जमीन पर कब्जा है। इसमें से 5 हेक्टेयर जमीन पर आबादी बसी है। ऐसे में चार हेक्टेयर जमीन को ही खाली कराया जाना संभव है। आनंद विहार से सटे चिकंबरपुर में भी जीडीए की करीब 24 हेक्टेयर जमीन है। इसमें से अधिकांश पर अवैध कब्जा है।

कब्जे में अधिकारियों की मिलीभगत

जिलाधिकारी एवं जीडीए उपाध्यक्ष राकेश कुमार सिंह ने जीडीए अधिकारियों को सख्त निर्देश दिए हैं कि जोन वार जीडीए की कब्जे वाली जमीन को कब्जा मुक्त कराया जाए। इसके साथ ही भविष्य में जमीनों पर कब्जा ना हो सके, इसके लिए जोन प्रभारी कार्रवाई करें। अगर फिर से जमीन पर कब्जा होता है तो संबंधित अधिकारी व कर्मचारियों पर सख्त कार्रवाई की जाए। जीडीए ओएसडी

सुशील कुमार चौबे का कहना है कि स्वर्णजयंतीपुरम से लेकर इंदिरापुरम, वैशाली और कौशांबी व चिकंबरपुर की जमीन को कब्जा मुक्त करने के लिए जल्दी कार्रवाई की जाएगी। जोन प्रभारियों को जमीन कब्जा मुक्त करने के निर्देश दिए हैं।

कैग ने मांगी पांच साल की रिपोर्ट
कैग ने जीडीए की सरकारी जमीनों को कब्जा मुक्त करने को लेकर किए गए प्रयास का ऑडिट करने का निर्णय लिया है। इसको लेकर कैगकैग की तरफ से जीडीए से पिछले 5 साल में अवैध निर्माण पर की गई कार्रवाई और सरकारी जमीनों में से कितनी को कब्जा मुक्त कराया गया इसको लेकर पूरी डिटेल रिपोर्ट मांगी है। https://tricitytoday.com/ghaziabad/cag-asked-ghaziabad-authority-to-report-related-government-lands-44321.html

11. Greater Noida News: लोकल ऑडिट रिपोर्ट से ग्रेटर नोएडा प्राधिकरण में मची खलबली, CEO रवि कुमार एनजी ने बनाई जांच कमेटी *(chetnamanch.com)* 23 August 2023

Greater Noida News: UP की विधानसभा के फ्लोर पर रखी गई स्थानीय निधि लेखा परीक्षक (Local Audit) की रिपोर्ट ने ग्रेटर नोएडा प्राधिकरण में खलबली मचा रखी है। शासन से ग्रेटर नोएडा पहुंची रिपोर्ट पर बिन्दुबार जांच के लिए ग्रेटर नोएडा प्राधिकरण के CEO रवि कुमार एनजी ने जांच समिति गठित कर दी है। ऑडिट रिपोर्ट में 10 अरब रूपए से भी अधिक के घोटालों का जिक्र है।

आपको बता दें कि प्रधानमंत्री नरेन्द्र मोदी की पहल पर नोएडा व ग्रेटर नोएडा प्राधिकरणों के 10 साल के कामों की जांच भारत के नियंत्रक महालेखा परीक्षक यानि CAG से कराई गई थी। CAG की रिपोर्ट में बड़े पैमाने पर घपले घोटाले सामने आए थे। उन घोटालों की जांच यूपी सरकार ने स्थानीय निधि लेखा परीक्षक से कराई थी। इस जांच के लिए अकेले ग्रेटर नोएडा में 10 अरब से अधिक के घोटाले प्रकाश में आए हैं।

बनाई जांच कमेटी
स्थानीय निधि लेखा परीक्षक की रिपोर्ट हाल ही में उप्र की विधानसभा में रखी गयी थी। उप्र शासन ने उस रिपोर्ट को ग्रेटर नोएडा प्राधिकरण के पास भेजकर आगे की कार्यवाही करने के निर्देश दिए हैं। उन्हीं निर्देशों के आधार पर ग्रेटर नोएडा प्राधिकरण के CEO रवि कुमार एनजी ने जांच कमेटी का गठन कर दिया है। जांच कमेटी में पांच अधिकारियों को शामिल किया गया है। कमेटी को निर्देश दिया गया है कि सभी मामलों की विस्तृत जांच करके, की जाने वाली कार्यवाही की संस्तुति करें।

होगी सख्त कार्यवाही
इस विषय में पूछे जाने पर ग्रेटर नोएडा प्राधिकरण के CEO रवि कुमार एनजी ने कहा कि जांच आख्या आते ही सख्त कार्यवाही शुरू की जाएगी। जो भी अधिकारी अथवा कर्मचारी दोषी पाया जाएगा। उसके विरूद्ध कार्यवाही होगी। गलत फैसलों के कारण प्राधिकरण को जो भी घाटा उठाना पड़ा है उसकी भरपाई घाटे का कारण बने अधिकारियों से कराई जाएगी। जांच कमेटी को लेकर प्राधिकरण में तरह-तरह की चर्चाएं हो रही हैं। https://chetnamanch.com/delhi-ncr/gautam-budh-nagar/greater-noida/greater-noida-news-local-audit-report-creates-panic-in-greater-noida-authority-ceo-forms-inquiry-committee/

SELECTED NEWS ITEMS/ARTICLES FOR READING

12. The promise of our goods and services tax is unfulfilled *(livemint.com)* 23 Aug 2023

The goods and services tax (GST) was a major reform that took years to implement. It is now six years old. The great promise of GST is tax collection buoyancy, thanks to inbuilt incentives of compliance, and less scope of leakage. An important feature is that the tax burden is applicable only on the value-added in the economic chain. You first pay tax on the full value realized, but get credit on all taxes paid on inputs. Hence, you would rather deal with suppliers who can produce proof of having paid their share of taxes. These are the interlocking incentives between suppliers and customers in the entire chain that ensure greater compliance. GST, thus, eliminates the older inefficient structure of taxes paid on taxes. It also makes the tax burden fairer across the economy. It has removed inter-state barriers to commerce. A study commissioned by the 13th Finance Commission and conducted by the National Council of Applied Economic Research (NCAER) in 2009 estimated that the annual rate of growth in gross domestic product (GDP) would rise by 2-2.5 percentage points on a sustained basis because of GST. This was because the tax burden would get equitably distributed across the value chain, particularly between manufacturing and services. Reduced costs would increase profits, efficiency and productivity, and Indian exports were expected to go up by 10-14% year after year. Good news on all fronts, be it growth, the fisc or exports.

Has this promise been fulfilled? The answer, unfortunately, is an unambiguous 'no.' Buoyancy of indirect taxes has not gone up if you exclude the high contribution from imports. This is confirmed by the Economic Survey of 2023. The increase in our GDP growth rate is nowhere near what was anticipated by the NCAER report, even after discounting the effect of covid. Leakages in the tax system have not been plugged fully.

Growth in GST revenues should not only keep pace with nominal GDP but overtake it. But that is not the case. The chairman of the Prime Minister's Economic Advisory Council said this week that the government is losing revenue under the GST regime. He said the estimated average tax rate was designed to be 17%, but the actual and effective rate was only 11.4%. Several exemptions and rate cuts were made that have caused a drop in revenue collection. Thus, not only has the GST not led to buoyancy, but has in fact led to a lowering of tax revenues.

How did this happen? The main culprit is the proliferation in rate slabs. Many items are still stuck at the 28% rate or even higher. The reason we cannot reduce the higher rate and converge the rates to the median and lower rate of 17% or 18% is that there are numerous items with a zero or 3% rate. If you want to reduce the 28% rate, then you have to move items from the 3% rate to 12%. It is a tug of war between exempt and overtaxed items. This tussle plays out in the GST Council, with representation from all states, big and small. That 2009 NCAER report about buoyancy of tax revenues and sustained GDP growth was premised on a single rate, preferably closer to 15%. The earlier Vijay Kelkar committee on indirect tax reforms had stipulated an even lower rate of 12%. So, we have drifted far from the original design of a single rate.

The second major reason (apart from the multiplicity of rates) is the fallacious concept of a revenue neutral rate (RNR). This was the focus of all prior discussions and reports, and even the bargaining between the Centre and states as a prelude to the passing of the GST law in Parliament. It missed the point that the behaviour of tax compliance is very different between the pre- and post-GST regimes. Indeed, a lower rate with interlocking incentives for compliance would lead to greater revenue collection. That same rate, if used as a reference for pre-GST calculations, would imply lower collection, violating the principle of an RNR. But this idea itself is flawed. Remember the Laffer Curve? The RNR approach has done more damage, because it has caused the median rate to drift up. It also aggravates the inequity inherent in indirect taxes. The poor bear a greater relative burden of GST as a proportion of their incomes. And to undo that damage, the GST Council and public opinion favour an increase in the number of items attracting zero or 3% rates. This makes the situation worse in this never-ending tug of war.

A third reason for our GST hiccup is that along with rate multiplicity, we have a plethora of exemptions and arbitrary classifications, leading to disputes, litigation, clogged cases and pending refunds. This might get worse if we set up multiple appellate tribunals, one for each state. It will likely lead to an unending litigation nightmare.

A fourth reason is that large parts of the economy remain outside the ambit of GST. Their inclusion is necessary to bring the overall rate of taxation down.

The GST promise is only half fulfilled. Due to high rates and cost of compliance, it has hit small businesses particularly hard. Even if the small entrepreneur pays a composite rate of 6% with no recourse to input tax credit, it directly eats into his profits. He does not have the power to raise prices.

Thus, high rates must come down for everyone, including for imports. Tax compliance must be made simpler, with a free app (a la Bhim for UPI) developed by the government to ease the entry of small businesses into the GST net. It is true that GST is a remarkable reform and there's no going back. But much work is still needed to redeem its promise.
https://www.livemint.com/opinion/online-views/the-promise-of-our-goods-and-services-tax-is-unfulfilled-11692808838331.html

13. Social welfare spending of 11 states to hit 10-yr high of Rs 4 lakh crore *(indianexpress.com)* August 24, 2023

Spending on social welfare schemes by the top 11 Indian states — accounting for 75-80 per cent of aggregate gross state domestic product (GSDP) — is expected to reach a decadal high of over 1.7 per cent of GSDP, or Rs 4 lakh crore, according to the budget estimates (BE) of these states for fiscal 2024.

These expenditures have risen consistently in the past few years, from 1.2-1.3 per cent of GSDP on average before fiscal 2018 to 1.6 per cent in fiscal 2023, according to revised estimates. Going by the taxonomy of state government budgets, revenue expenditure for 'social welfare' refers primarily to disbursements which take place in the form of direct transfers, cash incentives and distribution of personal or household goods, Crisil said in a report.

However, these do not include spending on education, agriculture, public health and other key sectors, which are budgeted separately, it said. "The revenue expenditure of states can be broadly divided into committed and non-committed," Crisil said.

Committed expenditure, which states have limited flexibility in managing — including salaries, pension, and interest payments, accounting for 45-47 per cent of revenue expenditure — is estimated to log a compound annual growth rate (CAGR) of 9 per cent between fiscal years 2018 and 2024. Non-committed expenditure includes outlays on education (10-11 per cent of revenue expenditure), power sector (6-7 per cent), agriculture (6-7 per cent), public health (4-5 per cent), and social welfare schemes (13 per cent), according to Crisil.

Said Anuj Sethi, Senior Director, CRISIL Ratings, "Expenditure on social welfare schemes is estimated to clock 16 per cent CAGR between fiscals 2018 and 2024, much faster than 11 per cent growth in overall revenue expenditure. The higher growth on social welfare schemes is due to states prioritising financial assistance to certain target demographics in the form of direct transfers, pensions and cash incentives, and, in some instances, to honour election commitments."

Among other components of non-committed revenue expenditure, public health spending is estimated to clock a robust 12-13 per cent CAGR over the six-year period owing to increased allocations amid Covid-19 and continuing focus post-pandemic as well, it said.

Growth in allocation towards education and agriculture would be in single digit, at 7-9 per cent. Thus, social welfare spending is expected to log the fastest growth in the period analysed, taking its share in overall revenue expenditure by state governments up to 13 per cent this fiscal from 10 per cent in fiscal 2018.

Crisil said this increased allocation, however, has coincided with moderate growth in revenue receipts — 10-11 per cent CAGR between fiscals 2018 and 2024 — resulting in continuing revenue deficits for the states. "The higher allocation towards welfare schemes has come during a period when capital expenditure (capex) is estimated to log a CAGR of 11 per cent, keeping it range-bound at 2.0 per cent of GSDP. Higher allocation for capex or towards education and health has a relatively higher impact on uplifting revenue and productivity for states in the near to medium term," Crisil said.

While allocation towards social welfare schemes is seen as essential considering India's demography, a steady increase in the same without commensurate increase in revenues may have an impact on the credit profiles of the states in the longer run, it said. https://indianexpress.com/article/business/economy/social-welfare-spending-of-11-states-to-hit-10-yr-high-of-rs-4-lakh-crore-8906384/

14. The scourge of freebies is taking a heavy toll *(dailypioneer.com)*

23 August 2023

Delivering his Independence Day address, Delhi Chief Minister Arvind Kejriwal promised 200 units of electricity a month for 'free' to the entire 1.4 billion people of India saying this will cost Rs 150,000 crore per annum. He went on to add 'When Modi – government can waive Rs 150,000 crore worth of loans given to four top industrialists of the country, why can't it provide free electricity to the people which would cost it the same amount?

In Delhi, Kejriwal is already giving free electricity to all households (HHs) consuming 200 units a month and a flat subsidy of Rs 800 to HHs consuming 200 – 400 units a month. In Punjab too, the Aam Aadmi Party (AAP) government is giving free power to each HH consuming up to 600 units per month. Having tasted the success of this brand of politics at the state level, it is no surprise that he is promising a supply of free electricity pan – India. This is bizarre. Let us look at the flaws in Kejriwal's approach.

First, the indicated cost of his offer is a gross understatement. Taking a HH to include five persons on average and a population of 1400 million, the number of HHs comes to 280 million. Further, take the cost of supplying a unit of electricity (purchase price plus wheeling and distribution cost) to be around Rs 5, the cost of supplying 200 units a month is Rs 1000 per HH. For 280 million HHs, this would be Rs 28,000 crore or Rs 336,000 crore annually. The estimate given by Kejriwal is less than half of this number. How has he arrived at Rs 150,000 crore? It appears he could have used a lower cost of Rs 3 per unit being the tariff applicable to HH whose consumption is less than 200 units. But, that is a subsidized rate that is paid for by charging more from HHs in higher consumption brackets. It is illogical to use it for calculating the subsidy impact of Kejriwal's proposal. That apart, even with Rs 3 per unit, the impact comes to Rs 201,600 crore. An attempt to suppress the figure is visible.

Second, by citing the waive-off (alleged) of Rs 150,000 crore loans of businessmen, he gives an impression that providing free power to all 1.4 billion people won't dent the exchequer as the money saved by avoiding waiver would pay for it. The argument is untenable as the banks haven't waived the loans.

When there is a delay in recovering a loan beyond a certain time limit, banks are required to 'write-off' - a jargon for making full provision for it in the balance sheet. This is a technical requirement as per prudential norms prescribed by the Reserve Bank of India (RBI). This is necessary to keep the bank's balance sheet (BS) clean. It can't be bandied as a loan waiver as the bank continues to make efforts to recover the loan from the defaulting borrower.

As and when the loan is recovered, the amount is written back into the BS. The savings assumed by Kejriwal (read: Rs 150,000 crore) which he wants to set off against the liability resulting from his proposal for free electricity simply don't exist. Third, as per the extant practice, states don't give subsidies directly to consumers. Instead, they ask power distribution companies (discoms) not to bill the consumers or bill for the amount (albeit subsidized) as directed by the former. The understanding is that the state will make timely reimbursement to the discoms for the subsidy amount. But, most states don't reimburse or do it partially. Even when they do, this is after considerable delay.

It is unlikely that the states will change their ways when it comes to implementing Kejriwal's pan – India proposal. Imagine if subsidy dues of mammoth amounts of over Rs 300,000 crore annually get stuck even for a few months. This can push discoms into serious financial trouble posing a great risk to an uninterrupted supply of power. The CM who tom-toms about 'no power cuts in Delhi' should be aware of the fall-out of his idea.

Fourth, when a State intends to provide an essential good or service free or at a subsidized price, the target beneficiary necessarily has to be a poor person. She has to be one who with her meagre income, can't afford to pay for the good/service. But, Kejriwal talks of giving free power to all 1400 million persons. Under his plan, everyone including those with higher income, millionaires, billionaires in fact, even the 'richest' person in India is eligible. It makes a mockery of the cardinal principles of a welfare scheme.

It isn't as if the CM is not aware of the folly of his proposition. Indeed, he is or else, he would not have come up last year with a rejig of the free power scheme in Delhi. Citing that several HHs had informed him that they didn't want subsidy, he asked all Delhiites to give their choice in writing. Did he intend not to give subsidies to the better off? Certainly not. Who will say, 'I don't want a subsidy'?

The outcome of the exercise was that the majority of all HHs who were earlier enjoying free power continue to get it even now. Given his track record, it is not surprising that while talking about free electricity pan – India, Kejriwal doesn't differentiate between the poor and the rich. And, he as well as other political parties (sans Modi) do it because it is a saleable proposition.

Apart from Delhi, we have already seen this in Punjab and Karnataka. In a recent public rally, Kejriwal promised 300 units of electricity free in Chhattisgarh and Madhya Pradesh. He is going to reiterate this pledge in Rajasthan where elections are due towards the end of this year. The ball won't stop here; it will extend to many other areas; free education, free health, free LPG etc.

Freebies are already denuding the budgets of the concerned states. For instance, in Karnataka, the five guarantees promised by GOP make a hole of Rs 65,000 crore annually. The states' Dy CM says 'the government has no money left for development'. In Delhi, a surplus budget is a mirage as several of its agencies are in the red (Delhi Jal Board has a mammoth debt of Rs 70,000 crore). The finances of Punjab and Himachal Pradesh too are in dire straits.

Now, if Delhi CMs' misadventure starts playing out on a national scale, this will plunge the whole of India into 'mammoth' and 'unsustainable' debt. With a big slice of earnings used for freebies and servicing the debt, little will be left for financing development work. Besides, people will grapple with high-interest rates and high inflation. Above all, this will kill the urge to work thereby converting India's demographic dividend into a demographic disaster.

The scourge of freebies needs to be curbed before it is too late. Last year, the Supreme Court (SC) asked political parties to come up with a law that prohibits freebies. Left to themselves, they won't. They would instead let the matter rest in cold storage. What then is the way forward? The SC should pass an order prohibiting freebies that they will find difficult to nullify. https://www.dailypioneer.com/2023/columnists/the-scourge-of-freebies-is-taking-a-heavy-toll.html

15. India's vision for climate justice: COP28 and beyond *(hindustantimes.com)* Aug 24, 2023

As the world confronts the pressing reality of the climate crisis, the need for robust climate financing has never been more urgent. With the 28th Conference of the Parties (COP) under the auspices of the United Nations Climate Change Conference on the horizon, India stands ready to take a resolute stance, advocating for adaptation, equity, and financial assistance in the battle against the climate crisis. At this pivotal moment in history, the timeless words of Mahatma Gandhi resound powerfully, reminding us that the future hinges on the actions we take in the present. In this present moment, India's unwavering participation at COP28 underscores the paramount importance of climate financing in shaping a sustainable future for all.

Central to India's proposed approach at COP28 is the profound recognition that adaptation and equity are cornerstones in the fight against climate change. While global efforts to mitigate greenhouse gas emissions are vital, equal weight must be placed on bolstering resilience and adapting to the challenges that arise from a changing climate. Climate justice mandates that vulnerable countries receive the financial support and robust infrastructure needed to combat the far-reaching impacts of climate change. Secretary of the ministry of environment, forest and climate change, Leena Nandan, rightly emphasised the necessity for action and discussions on loss and damages, along with the operationalisation of the Loss and Damages fund. These endeavours underscore India's steadfast commitment to addressing the human and economic toll of climate change.

Yet, the road ahead is not without its formidable financial challenges. The task of addressing the climate crisis demands massive financial commitments. Estimates reveal that the global transition to a low-carbon economy will require an annual investment of $4-6 trillion until 2050. To achieve net-zero emissions targets by 2030, the renewable energy sector alone necessitates a yearly investment of at least $4 trillion. Moreover, developing countries will require approximately $6 trillion between 2022 and 2030 to successfully implement their climate action plans. To meet these staggering challenges, at least 5% of the global Gross Domestic Product (GDP) must be channeled towards climate action each year.

The celebrated goal of developed countries pledging $100 billion annually by 2020 to support developing nations in their climate action endeavors, though commendable, falls short of addressing the full scope of the climate challenge. As we approach 2030, reports indicate that external climate finance of $1 trillion per year will be required, significantly exceeding the current mobilised amount of $50-80 billion annually. Furthermore, in 2020, only $83.3 billion was provided to developing and emerging economies, often in the form of concessional and non-concessional loans.

India, cognisant of the urgency surrounding climate financing, has embarked on significant initiatives to address the issue. Notably, the establishment of the National Adaptation Fund for Climate Change (NAFCC) and the National Clean Energy Fund serve as shining examples of India's commitment to promoting clean energy and supporting climate-resilient infrastructure. However, despite these commendable efforts, significant funding gaps persist. The Climate Finance Working Group's estimation that ₹118 trillion will be needed to address climate change, with only RS 64 trillion currently available and ₹54 trillion unrestricted, necessitates innovative financing solutions. In this regard, India's Development Financial Institutions (DFIs) and commercial banks must play a pivotal role in raising domestic funds and channeling resources from abroad to effectively bridge this gap. Moreover, it is essential for Indian corporates to take a stride forward in bolstering the carbon market, consequently prompting the need for greater innovation.

Even within the bounds of the Paris Agreement, it remains crucial for India to implement and strengthen actions prescribed under Article 6.4. This involves establishing a Clean Development Mechanism, which was previously formed under the Kyoto Protocol. By doing so, India can benefit from carbon credits obtained through the cap-and-trade system, which has proven effective in mitigating sulphur pollution during the 1990s, thereby balancing the wheels of development with the climate crisis.

As the curtain rises on COP28, the imperative for global collaboration on climate financing is clearer than ever before. India's proactive engagement, collaborative efforts with developed and emerging economies, and unwavering dedication to confronting climate challenges position the nation as an exemplary advocate for climate financing. Nevertheless, the fulfillment of financial commitments by developed countries and transformative changes in the international financial system are pivotal to delivering climate financing at the scale necessary to address the global climate crisis.

India's partnership with the United Arab Emirates (UAE), the host of COP28, holds significant promise for achieving success at the conference. During his recent visit to the UAE, Prime Minister Narendra Modi reaffirmed the commitment of both nations to ensure the conference's success. As the G20 president, India's influential role can contribute to delivering a clear political framework and shaping the outcomes expected at COP28. With G20 countries responsible for over 80% of global emissions, their policy decisions will undoubtedly play a pivotal role in driving the necessary transformation.

At COP28, the key areas of focus will revolve around mitigation, adaptation, loss and damages, and finance. Stronger emission reduction commitments are urgently required to combat the alarming trajectory of global warming. Climate finance remains a critical issue, necessitating the mobilisation of funds and reform of the global financial system to support climate action. In this transformation, private finance and the reform of multilateral development banks are indispensable components.

India, alongside other developing nations, is championing a new global climate finance target, acknowledging the mounting costs of addressing and adapting to the climate crisis. India, in this context, should also take lead in carbon pricing by setting a base price (reflective of the external costs of GHG emissions), as an effort towards mitigation and reduction of GHG emissions. The G20's leadership in driving change and scaling up climate finance is pivotal for achieving the progress needed by COP28.

As we embark on the journey to COP28, the eyes of the world are upon India and its vision for climate financing. In this defining moment, the nation's unwavering commitment and dedication serve as a beacon of hope for a sustainable future. The time for action is now, and the global community must come together, united in the pursuit of climate financing and a harmonious dance towards a sustainable future for generations to come. In the words of Rabindranath Tagore, “The same stream of life that runs through my veins night and day runs through the world and dances in rhythmic measures.” Let us heed these profound words and dance in harmony, coalescing our efforts in the noble fight against climate change. India's focus on climate financing sets a powerful example, urging the world to act decisively and collaboratively in this defining moment for humanity and the planet. https://www.hindustantimes.com/ht-insight/climate-change/indias-vision-for-climate-justice-cop28-and-beyond-101692863824448.html

16. India needs $13 trillion to hit net zero emissions by 2050 *(financialexpress.com)* August 24, 2023

India will need to invest $12.7 trillion in its energy system, or more than three times its gross domestic product, to reach net zero emissions by mid-century and help the world avert disastrous planetary warming, according to BloombergNEF. Hitting that target early — ahead of India’s official goal of 2070, which lags the world’s largest economies — will require moving swiftly to clean-up the country’s vast and coal-dependent electricity sector, according to BNEF’s New Energy Outlook for India, published on Thursday. That means grid investments to handle variable renewable power, and also scaling up the cash going into green energy.

The world’s third-biggest emitter of greenhouse gases currently produces about 70% of its electricity from coal, and the same fossil fuel underpins a range of heavy industries, such as steel, cement and aluminum. That’s despite rapid expansion in renewable energy, with a record-high of 16 gigawatts of utility-scale solar installed in 2022.

Vast funding is required to change that dynamic, and to cope with growing demand simultaneously. Hitting the 2050 spending target in line with global climate goals means $438 billion of investment every year until the deadline, according to BNEF data, a massive jump for a country that invested $17 billion in energy transition technologies last year.

Cumulative investments to expand power generation capacity alone will have to reach $2.8 trillion by 2050 — $2.7 trillion of that would be low-carbon, or more than $90 billion a year. “Building all the necessary infrastructure would require investments at an unprecedented scale and speed, which the Indian banks alone may not be able to meet,” said Shantanu Jaiswal, head of India research at BNEF.

Global capital has been cautious. Eight of the global top 10 pension and sovereign wealth funds are yet to invest in India’s renewable-energy sector, according to BNEF, while India’s own pension and life insurance funds face restrictions.

India has raised the question of global capital repeatedly, but has been hampered by inefficiencies in its power market and, more recently, by the indirect impact of the US Inflation Reduction Act and European moves to woo clean-power investors. “India needs to set sector-specific decarbonization pathways and to develop enabling policies to tap all sources of global and domestic financing,” BNEF’s Jaiswal said.

Under BNEF’s ambitious 2050 scenario, power-related emissions in the country would peak in 2024. Transport sector emissions would top out in 2028 with a rapid deployment of electric vehicles, while industrial emissions are seen reaching a maximum in 2031 followed by a sharp decline. Technology will play a role, whether that's green hydrogen in steel or carbon capture, which could alone reduce 56% of emissions from cement manufacturing, according to BNEF.

For road transport, electrification will require both charging infrastructure and clean, affordable power to feed increased demand. Under BNEF's net zero scenario, the impact on demand means India could end fossil fuel imports by 2050, almost fulfilling Prime Minister Narendra Modi's goal of becoming self-reliant in energy by 2047, the year marking a century since independence.

Under a less ambitious scenario, a baseline assessment of how the energy sector might evolve as a result of technology changes driven by cost and not policy, India's power mix still improves, though spending is more modest at $262 billion a year on average. In that scenario, rather than reaching net zero by 2050, India's energy-related emissions rise by more than a fifth from 2021 levels, with the power sector, a key contributor, not peaking until 2036. The only lower-middle-income nation among the very largest emitters, India aims to reduce the emissions intensity of its GDP by 45% from 2005 levels by 2030, and to have half of its power generation capacity run on clean sources — solar, wind, nuclear and hydropower — by the end of this decade. https://www.financialexpress.com/business/industry-india-needs-13-trillion-to-hit-net-zero-emissions-by-2050-3221191/