# NEWS ITEMS ON CAG/ AUDIT REPORTS

## 1. 'Need to Probe PM Kisan, CAG Should Find out Who Benefited from Excess Money': Ex-Finance Secretary *(thewire.in)* 27 Feb 2024

**Former finance and economic affairs secretary of India, Subhash Garg, speaks to M.K. Venu on key financial policy decisions and schemes and why some of them need to be audited.**

Former finance and economic affairs secretary of India, Subhash Garg, tells The Wire's founding editor M.K. Venu that the prime minister, Narendra Modi, formally proposed a minimum support price for 23 crops in 2019 but lost the will to implement it.

Garg also called for an audit enquiry, an investigation into excess money given out under the scheme of PM Kisan unveiled by Modi in 2019. "Disbursal under the scheme was officially for 12 crore farmers," according to Garg, a number which he disputed as he added that there are "only 8 crore farmers in India".

Eventually, the government came to Garg's figure, leading to the question as to what happened to the phantom farmers who had apparently received PM Kisan payments.

The auditor general should find out what the excess was and who was the beneficiary of it, he said. This is a serious issue and must be investigated, Garg added.
**Video Link:** https://thewire.in/economy/venu-subhash-garg-pm-kisan-msp-cag

# STATES NEWS ITEMS

## 2. CAG Reports: Unauthorized Spending by Former Telangana Government *(thehansindia.com)* 26 Feb 2024

**Misuse of public funds by KCR**
The mismanagement of Telangana's finances during the tenure of K. Chandrashekhar Rao's administration has been revealed by the Comptroller and Auditor General (CAG). The most recent report reveals an enormous overspending of Rs 2,88,811 crore between 2014–15 and 2021–22, which is significantly higher than the allotted funds and goes against what the law says. By the second year, the effects of the government's negligence in handling the budget became apparent. Its spending was met with the help of additional loans. In other words, interest payments increased as the number of loans increased. Increased spending on welfare programs and development activities helped the government hide its larger interest and loan repayment obligations to the Reserve Bank of India (RBI).

People are still reeling from a string of scandals, including the massive scam involving the Kaleshwaram lift irrigation scheme (which may have involved more than Rs 1,00,000 crore), the sheep scam, the metro scam, the Dharani scam, and others.

According to CAG's report-

"The excess expenditure is to be regularised after discussion in the Public Accounts Committee (PAC) in the Legislature. The Committee met five times – in May 2018, twice in August 2021, February 2022, and March 2022 – to discuss 10 paragraphs pertaining to State Finance Audit Reports. However, the issue of regularisation of expenditure incurred in excess of Legislative authorization has not yet been taken up."

According to the CAG, the government's budgetary and financial control system was undermined by overspending, which in turn promoted a lack of fiscal discipline. https://www.thehansindia.com/telangana/cag-reports-unauthorized-spending-by-former-telangana-government-861078

## 3. KCR Spent Rs 28,88,11,00,00,000 public money without authorisation *(asianage.com)* Feb 27, 2024

Hyderabad: The former BRS government led by the-then chief minister K. Chandrashekar Rao did not get an excess expenditure of Rs 2,88,811 crore, over and above allocation, pertaining to financial years 2014-15 to 2021-22, regularised, said India's national auditor, the Comptroller and Auditor General (CAG), in its recently released report.

This comes as yet another shock to people who are still reeling from the humongous scam being unravelled in the Kaleshwaram lift irrigation scheme, possibly to the tune of over Rs 1,00,000 crore, to the sheep scam to the metro scam, Dharani scam, among others.

In a democracy, financial power vests in the House of Representatives– the Assembly of MLAs in the state and MPs at the Centre. At the state level, the government has to get an approval from the majority of the MLAs assembled in the Legislative Assembly for the money it plans to spend. This process is called Budget approval.

In its report, the CAG admonished the government under the BRS, saying, "The excess expenditure is to be regularised after discussion in the Public Accounts Committee (PAC) in the Legislature. The Committee met five times – May 2018, twice in August 2021, February 2022 and March 2022 – to discuss 10 paragraphs pertaining to State Finance Audit Reports. However, the issue of regularisation of expenditure incurred in excess of Legislative authorisation has not yet been taken up."

The CAG said the excess expenditure vitiated the system of budgetary and financial control and encouraged financial indiscipline in the management of public resources.

As per Appendix 3.2 of the CAG report on State Finances Audit Report (Report 3 of 2023), the excess expenditure without legislative sanction was Rs 303.65 crore in 2014-15, Rs 5,880.79 crore in FY 2015-16, Rs 21,161.59 crore in FY 2016-17, Rs 28,171.27 crore in FY 2017-18, Rs 29,133.69 crore in FY 2018-19, Rs 47,896.43 crore in FY 2019-20, Rs 81,514.54 crore in FY 2020-21 and Rs 75,053 crore in FY 2021-22.

The CAG has not revealed data for the remaining term (FY 2022-23 and half of FY 2023-24) of the Rao-led BRS regime.

The greatest deviation from the budget occurred in FY 2020-21, when the government spent Rs 81,514.54 crore in excess of budgetary sanction. Of this, the excess expenditure of Rs 67,174 crore was made to repay Ways and Means Advances of the Reserve Bank of India.

For this, the CAG said in its commentary: “The original provision was only Rs 100 crore with nil supplementary provisions, while the actual expenditure was Rs 67,274 crore under Grant No. IX - Fiscal Administration (Loans Charged).”

The Ways and Means Advances is a temporary loan provided by the RBI to state governments.

Though the CAG did not explain the reasons for excess expenditure from FY 2014-15 to FY 2020-21, the lion’s share was from fiscal administration, planning, surveys and statistics, which comes under the finance department.

There was no excess expenditure under the fiscal administration, planning surveys and statistics in the first year of the Rao government. However, the excess expenditure under this head increased every year from the second year.

If the excess expenditure under this head was Rs 4,934.94 crore in FY 2015-16, it went up to Rs 18,501.94 crore in FY 2016-17 and Rs 25,379.74 crore in FY 2017-18. It, however, declined to Rs 22,576.44 crore in FY 2018-19. It went up to Rs 45,075.99 crore in FY 2019-20, Rs 80,385.22 crore in FY 2020-21 and Rs 67,274 crore in FY 2021-22.

The major expenditure under the heading ‘fiscal administration, planning surveys and statistics’ relates to interest payments, pensions, and internal debt.

Contrary to excess expenditure on fiscal administration, the CAG observed that the Rao government spent less money on several welfare schemes for which the Legislature allotted money.

Commenting on the persistent excess expenditure, the CAG said: “Savings occurred under the voted section every year. This indicates that even though more budget is provided in the voted section towards schemes/ welfare / development activities, the actual expenditure is less than the provision, resulting in savings. On the other hand, excess expenditure occurred under the charged section in all the years mainly on account of Repayment of Ways and Means Advances.”

According to internal rules framed by the State Legislature, the government has to explain to the Public Accounts Committee if there is a saving on money allocated and excess money spent.

Though the Principal Accountant General (Accounts and Entitlements) sought reasons and explanations from departments for excess expenditure and savings, the CAG said, “controlling officers have not provided an explanation for the variations in the expenditure vis-a-vis budgeted allocation.

The PAC, in the first term of the Rao government, had Dr Jetty Geetha, Gangula Kamalakar, Hanmanth Shinde, Guvvala Balaraju, Ashannagari Jeevan Reddy, Manchireddy Kishan Reddy, Akbaruddin Owaisi, Dr K. Laxman, Thatiparthi Jeevan Reddy and Sabavat Ramulu Naik as members.

In the second term, the PAC had Akbaruddin Owaisi, Gurka Jaipal Yadav, Ramavath Ravindra Kumar, Bigala Ganesh, Gadari Kishore Kumar, Gaddigari Vittal Reddy, Peddi Sudarshan Reddy, Duddilla Sridhar Babu, Sandra Venkata Veeraiah, D. Rajeshwar Rao, Kadiam Srihari and Pochampally Srinivas Reddy as its members.

During this period, Etela Rajendar was finance minister from 2014 to 2018. Chandrashekhar Rao held the finance portfolio from 2018 to 2019, which was later taken over by his nephew, T. Harish Rao. Bureaucrat K. Ramakrishna Rao was the principal secretary for the finance department, who was responsible for ensuring that the departments meet the rules.

RULES GOVERNING GOVERNMENT EXPENDITURE

According to Articles 204 and 205 of the Constitution, no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law by the State Legislature.

As per Article 3(b) of the Financial Code, as made available on the Telangana State Audit Department portal (dsa.telangana.gov.in), sufficient funds must have been provided for the expenditure in the Appropriation Act for the current financial year or by a reappropriation of funds sanctioned by the authority competent to sanction such a reappropriation.

According to Rule 61 and 69 of General Financial Rules, 2017, if, for some reason, the government had to spend more money than what was already envisaged in the budget, the Pay and Accounts Office would release money only on a written assurance from the head of the department that the expenditure involved is not on a new service, and that grant as a whole is not likely to be exceeded.

According to CAG rules, the government can approve the re-appropriation or reallocation of funds between primary units of appropriation within a grant. If expenditure exceeds the amount approved in the Budget, the government must get it approved by the Legislative Assembly and Council by passing supplementary demands.

WHAT IT IS ALL ABOUT

The Comptroller and Auditor General (CAG) of India has exposed the reckless fiscal mismanagement under the K. Chandrashekhar Rao-led government in Telangana.

The latest report unveils an astronomical excess expenditure of Rs 2,88,811 crore spanning from 2014-15 to 2021-22, far exceeding allocated budgets and defying legislative mandates.

The government's reckless fiscal management showed effect from the second year. It took more loans to meet its expenditure. More loans meant more interest payouts.

To cover up more payouts on RBI loans and interests, the government showed higher expenditure on welfare schemes and development activity in the budget.

It spent less money on welfare and developmental activity and diverted that money to pay interest on loans and part-pay loans.

As debt and interest payouts increased every year, so did the amount allocated for welfare schemes and developmental activities. And so did the opaque excess expenditure by the finance department to pay interest and part-pay loans.

The Constitution and other rules on financial management requires the government to notify reasons to the accounts department, and Public Accounts Committee and take approval from the Legislature. The KCR government, however, did nothing.

HOW THE BRS GOVERNMENT DID IT

The then BRS government used a rule which says that excess expenditure for pre-approved purposes can be released, if the concerned secretary promises to get legislative approval later on.

An example was mentioned by CAG on how the Rao government exploited this rule: For financial year 2021-22, the original provision for the 'Repayment of Ways and Means Advances' was only Rs 100 crore. However, it paid Rs 67,274 crore, which is an excess of Rs 67,174 crore.

NO EXPLANATION GIVEN

The Principal Accountant General (Accounts and Entitlements) sought reasons and explanations from departments for excess expenditure and savings, but controlling officers have not provided an explanation for the variations in the expenditure vis-a-vis budgeted allocation.

The Public Accounts Committee (PAC) of the State Legislature met five times. But the issue of excess expenditure was never brought up during the meetings. https://www.asianage.com/india/politics/260224/kcr-spent-rs-28-trillion-public-money-without-authorisation.html

## 4. CAG report lays bare Telangana's lagging expenditure in Education and Health sectors *(thesouthfirst.com)* Feb 27, 2024

The CAG noted that the higher the ratio of Education and Health components to total expenditure, the better the quality of expenditure.

Telangana state finds itself consistently lagging behind in the realm of expenditure on Education and Health sectors, as revealed by the latest report from the Comptroller and Auditor General (CAG).

The CAG underscores that elevating human development levels necessitates a substantial increase in the state's investment in pivotal social services such as Education and Health. The higher the ratio of these components to the Total Expenditure, the better the quality of expenditure.

**Education and Health in Telangana**
According to the CAG report, in the fiscal year 2021-22, the average allocation by states to Education and Health comprised 14.66 percent and 6.20 percent of the total expenditure, respectively. However, Telangana diverged from this norm by earmarking a mere 8.14 percent for Education and 4.19 percent for Health within its total expenditure during the same period.

"As a percentage to the total expenditure, expenditure on Education and Health was eight percent and four percent, respectively. The state has been persistently trailing in respect of expenditure on Education (by 6 percent) and Health (by 2 percent) during 2021-22, when compared to the other general states," the CAG report stated.

Furthermore, the CAG report brings to light a widening gap in expenditure between Education and Health over the years. In 2017-18, while general states allocated an average of 15.17 percent to Education, Telangana allocated 10.54 percent of its total expenditure. Similarly, in the Health sector, while general states spent an average of 5.09 percent, Telangana allocated a slightly lower 4.59 percent.

The CAG report also notes a persistent trend in the government granting loans amounting to ₹360 crore to the Aarogyasri Health Care Trust (AHCT) in the fiscal year 2021-22, despite the absence of a clear and dedicated revenue source for the Trust to meet its loan repayment obligations.

The CAG report underscores the provision of loans totaling ₹2,866 crore to entities like the Aarogyasri Health Care Trust and TS Vaidya Vidhan Parishad, lacking a reliable and assured revenue stream for loan repayment.

Telangana's excess expenditure
The crux of the CAG report illuminates a stark reality — the Telangana government, spanning the years 2014-15 to 2021-22, failed to regularise a staggering excess expenditure totaling ₹2,89,115.29 crore.

In 2014-15, the excess expenditure stood at ₹303.65 crore, a figure that swelled to ₹5,880.79 crore in 2015-16 and further escalated to ₹21,161.59 crore in 2016-17. The upward trajectory continued with ₹28,171.27 crore in 2017-18, ₹29,133.69 crore in 2018-19, and a whopping ₹47,896.44 crore in the fiscal year 2019-20.

The pinnacle of this financial recklessness was reached in 2020-21, with excess expenditure soaring to ₹81,514.54 crore, and in 2021-22, the figure remained astronomical at ₹75,053 crore. Remarkably, none of these amounts underwent regularisation by the Legislative Assembly.

The protocol dictates that excess expenditure should undergo regularisation after deliberations in the Public Accounts Committee (PAC) in the Legislature. Despite the Committee convening five times — in May 2018, twice in August 2021, and in February and March 2022 — to scrutinise 10 paragraphs related to State Finance Audit

Reports, the issue of regularising expenditure beyond Legislative authorisation has yet to be addressed.

"The persistent excess expenditure over grants/appropriation approved by the State Legislature is in violation of Article 204 and 205 of the Constitution, which provide that no money shall be withdrawn from the consolidated fund except under appropriation made by law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources," the CAG report stated. https://thesouthfirst.com/telangana/cag-report-lays-bare-telanganas-lagging-expenditure-in-education-and-health-sectors/

## 5. KCR Lands in 2.8 Lakh Crore Scam *(m9.news)* 27 Feb, 2024

After the allegations of the Kaleshwaram Project scam, former Telangana Chief Minister K. Chandrashekar Rao has landed in another trouble. According to The Comptroller and Auditor General (CAG)'s recent report, KCR mismanaged an amount of more than Rs. 2,88,811 crores.

The report revealed that there has been an excessive expenditure of Rs. 2,88,811 crores from 2014-15 to 2021-22. It was stated that the fiscal mismanagement by the BRS government had been reported in 2015-16 itself.

The report highlighted that the KCR-led administration increasingly resorted to borrowing to cover its expenses, consequently leading to more interest payouts. It was observed that there was a reduction in allocations towards welfare schemes and developmental projects, with a larger portion of funds directed towards repaying the loans.
https://www.m9.news/short/kcr-lands-in-2-8-lakh-crore-scam/

## 6. 'Misuse' of forest money: Madhya Pradesh diverted Rs 167 crore from CAMPA funds *(newslaundry.com)* 27 Feb, 2024

According to a CAG report, the state spent over Rs 50 crore on 'ineligible activities' when Shivraj Singh Chouhan was CM.

In a case of "misusing" forest money, the Madhya Pradesh government allocated over Rs 167 crore meant for afforestation activities towards "ineligible activities". According to a report published by the Comptroller and Auditor General of India earlier this month, over Rs 50 crore has already been spent on activities like a scheme for farmers and infrastructure development. The funds were diverted when Shivraj Singh Chouhan was chief minister.

These funds were collected by the Compensatory Afforestation Fund Management and Planning Authority. They are meant to be used for "compensating the loss of forest land and ecosystem services by raising of compensatory afforestation, improving quality of forests through assisted natural regeneration, enrichment of biodiversity, improvement of wildlife habitat, control of forest fire, forest protection and soil and water conservation measures".

The funds are collected from companies that undertake non-forestry projects, and kept with the national authority under the central government. The national authority then transfers these funds to states after they submit annual plans of operations.

In its report dated February 8, the CAG said the Madhya Pradesh had allocated Rs 167.83 crore of CAMPA funds to “ineligible activities”: Rs 120.30 crore for agro forestry under the Mukhyamantri Krishak Samriddhi Scheme in 2017-18 and 2018-19; Rs 20.88 crore for construction of a Van Bhawan in 2018; Rs 7.13 crore for fresh forest recruits in 2017-18; Rs 6.47 crore for research by the State Forest Research Institute in Jabalpur from 2017-18 to 2019-20; Rs 5 crore for training of forest staff in 2019; and Rs 1.97 crore for infrastructure development from 2018-19 to 2019-20.

Of the allocation, it has spent Rs 53.29 crore so far.

“Thus, the department irregularly incurred expenditure of Rs 53.29 crore on ineligible activities which could not be linked to any of the activities envisaged for CA [compensatory afforestation] and hence could not be carried out from CAMPA funds. This resulted in irregular expenditure and misuse of CAMPA funds amounting to Rs 53.29 crore,” read the report.

In its reply to the CAG findings, the state government said expenditures were in compliance with guidelines and instructions.

CAG differed: “The reply is not acceptable because the expenditure incurred on the above activities was against the guidelines as mentioned above.”

Funds used for commercial plantations

The CAG red-flagged more violations of CAMPA guidelines in the state.

The state CEO of CAMPA, who is in charge of the funds, disbursed Rs 29.58 crore to Madhya Pradesh State Forest Development Corporation Limited for teak plantations from 2017-18 to 2019-20. The CAG said the expenditure was “irregularly incurred on plantation of teak from CAMPA Fund in violation of several CAMPA guidelines”.

Another section of the report flagged “unwarranted expenditure on eradication of weeds” at the same location five times in seven months from December 2019 to July 2020. These included the removal of weeds at the Nauradehi Wildlife Division, which was one of the priority locations for the reintroduction of cheetahs.

The wildlife division removed “high density weed” first in December 2019 at a cost of Rs 9.43 lakh. It provided separate funds worth Rs 17.20 lakh for lantana and brushwood, which are already covered under all types of weeds, in December 2019 and July 2020. The eradication of weeds was repeated in January and February 2020 at a cost of Rs 5.72 lakh and Rs 4.05 lakh.

The CAG observed that weed eradication programmes can be repeated only in one or two years only if they create “any adverse impact on wildlife habitat”. https://www.newslaundry.com/2024/02/27/misuse-of-forest-money-madhya-pradesh-diverted-rs-167-crore-from-campa-funds

## 7. Patna High Court Issues Notice To State Over Alleged Mismanagement Of Health And Education Cess Funds *(livelaw.in)* 27 Feb 2024

Patna High Court has issued notice to the State government, demanding a comprehensive affidavit regarding the Health and Education cess collected since its implementation in 2008 and the corresponding expenditures.

The above development came in a PIL filed in person by Advocate Shama Sinha seeking intervention of the Court to address the alleged non-utilization and mismanagement of funds collected under the Health and Education cess (formerly known as the Secondary and Higher and Education Cess) since 2008.

Chief Justice K. Vinod Chandran ordered, "The respondent-State shall file a comprehensive affidavit as to the cess collected from the date of implementation in 2008 and the expenditure made from the aforesaid cess collected."

The Court ordered for the affidavit to be filed within a period of four weeks. The matter has now been posted on March 15.

The petition addresses the pressing issues surrounding the management, allocation, and utilization of cess funds (especially Secondary and Higher Education Cess renamed as Health and Education cess) that have been collected over a period spanning more than a decade.

The petition highlights the fundamental principle that a cess is a specific levy collected for a particular purpose, in this case, for the enhancement of education and health initiatives.

"However, despite substantial collections over the years, there have been serious deficiencies in channeling these funds for their intended objectives as the cess collected from tax payers has not been operationalized. The Madhyamik and Uchchtar Shiksha Kosh (MUSK), designed to utilize these funds for educational schemes, has not been operationalized till date as per CAG report," the PIL states.

The petitions draws attention to multiple reports by the Comptroller and Auditor General (CAG) of India, parliamentary standing committees, and recent budget allocations, all of which underscore the underutilization, misallocation, and delays in the utilization of these cess funds.

Furthermore, the lack of transparency, accountability, and compliance with CAG recommendations in managing these funds has been emphasized in the petition.

In light of these concerns, the petitioner has prayed the Court to issue directions to the respondents to ensure the immediate and proper utilization of the accumulated funds, operationalize MUSK as per statutory obligations, establish a transparent mechanism for fund management, and adhere to CAG recommendations.

Additionally, the petitioner also sought the Court's intervention to enforce the principles of fiscal accountability, transparency, and good governance.

https://www.livelaw.in/high-court/patna-high-court/patna-high-court-restore-conjugal-life-for-bail-in-section-498a-ipc-case-wife-cruelty-250508?infinitescroll=1

## 8. Chandigarh: HC orders CAG audit of private-aided colleges *(hindustantimes.com)* 27 Feb 2024

The Punjab and Haryana high court (HC) has ordered a CAG audit of the seven private-aided colleges in Chandigarh to check for any financial anomalies.

The bench of justice Sureshwar Singh Thakur and justice Sudeepti Sharma passed the order while dealing with the plea on enhancement of the retirement age of faculty of these colleges.

"(These) colleges are not shown, by any tangible evidence placed on record, to be wholly non-profiteering organisations nor is there any tangible evidence adduced on record, thus suggestive that a holistic philanthropic purpose, is the bedrock of the opening and running of these colleges. Therefore, but only for want of the above evidence, thus leads this court to form a conclusion that such colleges rather became established and are also being managed by the managements concerned, hence for a profiteering purpose," the court said asking the Comptroller and Auditor General (CAG) of India to appoint an auditor, adding that the exercise would help in detecting any purported faults, if any, in earlier audits for which responsibility can be fixed.

It noted the audit of such colleges may be done by the auditors as being appointed till now. However, it is neither apprised to this court by the counsel for the petitioner nor by the counsel for the opposite party, that the makings of audits for the relevant purpose, thus were completely by a "non-partisan agency". The CAG audit would ensure the correctness or otherwise of the previously made audits, and further help in finding out whether these colleges made correct financial projections while seeking grant-in-aid from the Centre. No perpetual encumbrance is cast upon the Government of India to release grants-in-aid to such colleges, it added. The court has now ordered that CAG appoint a qualified auditor to make an incisive audits of all the independent financial resources of these colleges and a report has been sought by April 30. https://www.hindustantimes.com/cities/chandigarh-news/chandigarh-hc-orders-cag-audit-of-private-aided-colleges-101708981508385.html

## 9. Nagaland's Road to Nowhere: The Troubled Journey of the SARDP-NE Project *(bnnbreaking.com)* 26 Feb 2024

Discover the challenges faced by Nagaland's road development project, the SARDP-NE, as mismanagement and unfulfilled promises plague the infrastructure. Calls for accountability and justice ring out as citizens navigate deteriorating roads.

Imagine setting off on a journey, your vehicle packed, the road ahead promising smooth travel and the beauty of Nagaland waiting to be explored. But this vision remains just that – a vision. For the people of Nagaland and those intending to traverse its landscapes, the reality is a stark contrast, marked by deteriorating single-lane roads and unfulfilled promises. The heart of the issue lies in the stalled Special Accelerated Road

Development Programme in North East (SARDP-NE) in Nagaland, a project initiated with grand intentions but now mired in controversy and allegations of mismanagement.

The Promises vs. The Reality

The SARDP-NE was designed as a beacon of hope for Nagaland, aiming to transform its connectivity landscape with the development of four major roads. Launched by the Ministry of Road Transport and Highways in April 2008, with administrative nods in December 2010, the project was not just about roads. It was about linking lives, enhancing trade, and fostering development. Fast forward to today, and the Comptroller and Auditor General (CAG) of India paints a grim picture of a project in paralysis. Despite an investment of INR 602.34 crore, not a single road under this ambitious project has seen the light of completion since August 2012. The CAG's findings, laid bare in a report to the Nagaland Legislative Assembly, highlight a tale of inadequate preliminary activities, poorly crafted Detailed Project Reports (DPRs), and a glaring misappropriation of funds amounting to INR 36.44 crore spent on these DPRs, now deemed wasteful.

A Call for Accountability

In the wake of these revelations, the Nagaland Public Rights Awareness and Action Forum (NPRAAF) has stepped into the spotlight, not just to question but to demand answers. The forum is calling on the government to initiate an inquiry into the apparent misappropriation of funds and the abject failure in executing the SARDP-NE project. Their voices join a chorus of frustrated commuters and concerned citizens, all of whom bear the daily brunt of navigating through roads that seem to lead nowhere, both literally and metaphorically. The existing single-lane roads, earmarked for an upgrade under the project, have instead slipped into further disrepair, exacerbating the plight of those who depend on them.

The Road Ahead

So, what lies ahead for Nagaland's beleaguered road project? The NPRAAF's calls for accountability and an investigation are not just about recovering wasted funds or pointing fingers. They symbolize a deeper desire for transparency, competence, and, most importantly, a commitment to the people of Nagaland. The road to redemption for the SARDP-NE project is fraught with challenges, but it also presents an opportunity. An opportunity for the government to take stock, to rectify, and to finally deliver on its promises. It's about rebuilding trust, one mile at a time, and ensuring that the vision of a connected and accessible Nagaland does not remain just a distant dream.

As this story unfolds, the eyes of Nagaland and those watching from afar remain fixed on the actions of the government and the NPRAAF's persistent quest for justice. The journey of the SARDP-NE project, from its ambitious beginnings to its current state of limbo, serves as a cautionary tale of how noble intentions can be derailed by inadequate planning and oversight. But it also reminds us of the power of public advocacy in holding those in power accountable. For the people of Nagaland, the road ahead may still hold promise, but only if those steering the course are willing to navigate the tough terrain of accountability and action. https://bnnbreaking.com/politics/nagalands-road-to-nowhere-the-troubled-journey-of-the-sardp-ne-project

## 10. CAG Officer Samiullah Beigh and Omar Alam Playing in IVPL 2024 Hopes to Inspire Cricketing Dreams in Jammu & Kashmir

*(latestly.com)* 27 Feb 2024

The Indian Veteran Premier League (IVPL) has breathed new life into the cricketing careers of Jammu & Kashmir cricketers, Samiullah Beigh and Omar Alam. As they embrace their stint in the league, both players are experiencing a rise in passion and determination and are eager to leave their mark in the tournament. Samiullah and Omar are playing for the Red Carpet Delhi in the IVPL here at the Shaheed Vijay Singh Pathik Sports Complex in Greater Noida. Having taken a retirement in 2018, after playing 61 First Class matches and 37 List A games, Samiullah is excited to return to competitive cricket.

"It is sort of a new life because once we retire from FC cricket, we don't get the same opportunity to push ourselves. Considering the quality of cricket in this league, it is sort of a new life for us. We are getting the opportunity to challenge ourselves again, to play with the legends of the game, to compete with them, and to live our lives again," Samiullah Beigh told IANS in an exclusive interview.

On the other hand, Omar Alam played his last State (Jammu & Kashmir) game in 2017 against Gujarat. The all-rounder is thrilled to be playing alongside international stars such as Herschelle Gibbs and Thisara Perera.

"IVPL is giving us an amazing experience. We have played with Indian stars and our domestic players but this league has given us the opportunity to play alongside international stars. We have Gibbs, Parera, and Ashley Nurse in our team," said Omar Alam.

Samiullah picked four wickets in his first match in IVPL against Chhattisgarh Warriors and now aims to contribute with his allround performance. "I was a pure all-rounder earlier. Our team here is really good but as you said, the role of an all-rounder is very important and I would like to contribute through bowling, batting and fielding," said Samiullah.

While post-retirement, Samiullah started playing franchise leagues, Omar began working as a central government employee in the Comptroller and Auditor General (CAG) office. However, he didn't leave cricket and used to play in leagues in Delhi.

"I am a central government employee. I work and play for the Comptroller and Auditor General (CAG) office.I am in the team of my state office and I play the tournaments that happen throughout the year. I also play the smaller leagues sometimes in Delhi, sometimes in Mumbai," Omar Alam further said.

"I am required to go to the office. Basically, I'm a half-professional. I do office work till two and then we have cricket practice from two to five," he added.

Both cricketers feel the IVPL will inspire the next generation players in Jammu & Kashmir when they will see their ideals playing on the big screen.

"For J and k, this will be a big event. They'll see me coming out of retirement and playing this league and contributing to the team's cause. It is a very good thing back there. And I hope it'll inspire a few more people to take up cricket," said Samiullah.

"This league is going to inspire a lot of people. There's a lot of hype regarding cricket in J and K. People cherish this a lot. Our explayers will see this and hopefully will start playing again. Usually when people retire from the state, they stop playing all together. Hopefully this will give a new life to them and motivate everyone to keep playing," Omar said. https://www.latestly.com/sports/cricket/cag-officer-samiullah-beigh-and-omar-alam-playing-in-ivpl-2024-hopes-to-inspire-cricketing-dreams-in-jammu-kashmir-5785836.html

## SELECTED NEWS ITEMS/ARTICLES FOR READING

### 11. India's development landscape has undergone a structural shift

*(livemint.com)* Surjit Bhalla | 27 Feb 2024

**The latest consumption survey's findings show pro-poor growth and a large decline in inequality.**

It has been a wait of 11 long years. One of the most important parameters related to development and progress in a large democratic country like India is the trend in absolute poverty. The government has just released a Fact Sheet pertaining to the Household Consumption Expenditure Survey (HCES) for the 2022-23 agricultural year (actually August 2022-July 2023; shorturl.at/lLN56). The full report is to be released shortly, as well as unit-level data.

Fortunately, the Fact Sheet has enough information to derive an estimate of poverty for a given poverty line. A poverty line is a level of per capita expenditure below which a person is deemed poor. The World Bank hosts the 'official' repository of poverty data for all countries in the world and regularly updates its information on all official surveys of consumer expenditure, as well as some private surveys (pip.worldbank.org).

Traditionally, the Planning Commission had the mandate to construct estimates of poverty in India. The Niti Aayog no longer has that mandate. Further, the 2017-18 HCES data was not released by the government. The reason: bad quality of data. (The 2017-18 survey had not just bad quality data, but also set a world record for bad quality. Nevertheless, the data should have been released, and hopefully will happen soon.) The non-release of HCES 2017-18 meant that it was 'open season' for all and sundry to provide estimates of a very important political, ideological and economic variable called poverty.

It is no surprise that when the Fact Sheet was released, that open season continued, with estimates ranging from 5% to 20% poor, going by the World Bank's purchasing power parity (PPP)-based $1.9 poverty line (this was 'unofficially' based on the Tendulkar poverty line). However, there is little reason for there to be such a wide range of estimates. Hence, a step-by-step approach to estimate poverty from survey reports is outlined here.

The Fact Sheet has mean monthly per capita expenditure (MPCE) levels by fractile classes separately for rural and urban areas. In my 2002 book, Imagine There's No Country, I used the Nanak Kakwani 1980 Income Inequality and Poverty procedure (now widely used) to derive percentile distributions (and inequality Gini estimates) from quintile distributions for more than 180 countries from 1950 to 2000. The same procedure has been used to generate the rural and urban distributions for the 2022-23 HCES.

To generate poverty estimates from that, all we need are rural and urban poverty lines for 2011-12 and rural and urban inflation from 2011-12 to 2022-23. First, the poverty lines. For the base-year 2011-12, the World Bank's PPP $1.9 per capita per month poverty lines for rural and urban India were ₹789 and ₹967 respectively. The Fact sheet indicates that rural and urban inflation from 2011-12 to 2022-23 recorded compounded annual rates of 5.7% and 5.6%, respectively. Hence, rural and urban poverty lines for the HCES 2022-23 are ₹1,452 and ₹1,752 per capita per month, respectively.

What are the results on poverty? A historic fast-paced decline from 12.2% poor in 2011-12 to only 2% now. This is according to the World Bank's extreme poverty line of PPP $1.9 per capita per day. This implies that extreme poverty has almost been eliminated in India, especially since this level is obtained without adding poverty declines thanks to free food, among other things.

I have long argued for a higher poverty line in India, one that befits the improved status of the population. Data indicates that it should be even higher than the 68% higher PPP $3.2 poverty line. By this, in 2011-12, more than half our population (53.6%) was poor; in 2022-23, poverty reduced to just 21% (25% in rural areas and 12% in urban areas). The aggregate decline in PPP $3.2 poverty is thus more than 30 percentage points in a short space of 11 years. This fast pace of poverty decline has never been observed in India before, and is rare in the rest of the world.

More results. For the first time in Indian history, inequality has declined in both rural and urban areas. This is a very rare event even elsewhere, and points to strong redistribution under the growth policies of the Narendra Modi government. The Gini coefficient (multiplied by 100) for rural India has declined from 28.7 in 2011-12 to 27.0 in 2022-23; urban inequality fell sharply from 36.7 to 31.9.

It is rarer still to have inequality declines in the context of strong growth. Rural real per capita consumption growth was at a 3.1% annual rate over 11 years (a cumulative 40%) and per capita urban growth at 2.6% annually (a cumulative 33%). It is this strong growth and large decline in inequality that make India's recent development so remarkably pro-poor and unusual.

It is both tragic and amusing to note that respected scholars in India (and some abroad) were opining (as recently as last week) that poverty had stayed at approximately the same level as 11 years ago. The 'reason' for this disorientation is discussed in detail in my forthcoming book How We Vote (published by Juggernaut and out in early April).
https://www.livemint.com/opinion/online-views/indias-development-landscape-has-undergone-a-structural-shift-11708958398028.html

## 12. Some alternatives to MSP *(financialexpress.com)* February 27, 2024

**The MSP system needs a significant overhaul. Some ways to do so include shifting agriculture to states and farmers being represented on commodity exchanges**

The MSP issue has always been contentious. Initially, the idea was to have such a scheme because the government needed to distribute rice and wheat under the PDS or public distribution system, but this spread to other crops too where there was no backend procurement. These prices were indicative at best.

Over time, a few developments have taken place. First, the support price, which was to be the last recourse, became the first choice for farmers. Second, as the MSP was an average fair quality, many farmers automatically chose this standard and did not migrate to higher value qualities, as there was no such backstop provided. Third, farmers ended up producing more rice and wheat because of the procurement, which meant that crop diversification was not favoured, even when there were cost advantages. Fourth, the MSPs for crops which were not procured became benchmarks in the market and hence even when there were, say, higher supplies, prices did not come down in case MSPs increased substantially, as has been the case with pulses and oilseeds.

Fifth, food inflation will always exist, as MSPs have been increased every year by an average of 2-6% for crops. This would not be a concern under normal conditions. But the RBI is targeting 4% inflation, which has been pressurised due to food inflation. It will always tend to be a threat, even if production is normal. Sixth, as a result of this scheme, real price discovery never occurs, as this extraneous factor is always at play. The last unintended fall-out is that it is hard to bring about any reforms in this sector. In fact, several progressive developments have gotten thwarted on the marketing side.

The MSP is based on a cost-plus formula, where the CACP takes a call based on predefined ways of defining costs. Post the 1991 reforms, there has been no other sector in the country which is as regulated as agriculture. The reason is not hard to guess. While the ministry of agriculture works to improve the income of farmers, the ministry of consumer affairs has to ensure that the consumer does not pay more than a fair price, which is quite a subjective concept. This then permeates to other areas such as foreign trade as well as the domestic trading chain, which creates anomalies. When there are shortages, there are embargoes on exports, as was seen in case of wheat, which militated against farmers. At times when there are shortages, there are open market sales, which not just lowers retail prices but also mandi prices. Further, putting stock limits on holdings at the retail and wholesale levels distorts the picture further, as traders are impeded. All crops are grown annually and have to be stored by some entity to be made available through the year. But traders run the risk of being found guilty when prices rise.

There is evidently a need for a significant overhaul, as small changes have not had much of an impact. First, the cooperative movement needs to be encouraged so that a self-service model is built. The milk story is a stellar example of how success was attained by including all farmers. It has delivered quality, quantity, and price changes unobtrusively. Second, there is a case for making agriculture a state subject. Presently, there are excessive subsidies which are given as handouts, distorting the incentive structure at the end of production. The states and the Centre often compete here, and the way out is for states to get into the act of running agriculture. This has the potential to provide incomes to farmers and will also allow the market system work. Third, the entire process of ‘free food’ should be outsourced to states. They should procure it and get compensation from the Centre where it is done from the closest markets. This will save a lot on logistics and handling costs.

Fourth, the derivative markets in commodities where NCDEX is a frontrunner, followed by MCX, should be used to replace MSP. An option gives the right but not the obligation for farmers to go with the price they have contracted in return for a premium that is paid. The government can only subsidise the option premium. If the price is higher, the farmer sells on the exchange. Delivery need not be taken or given, but the price risk can be hedged. The Farmer Producer Organisations can be entrusted with the task of representing the farmers on the exchanges. Sebi, along with the exchanges, has already done a lot here, and this needs to be taken to a logical end. Lastly, contract farming and corporate farming having enabling frameworks with checks are also essential to transform agriculture. This has worked very well in countries like Brazil, Mexico, Ghana, Turkey, and China, besides many smaller agri-based economies.

Some baby steps have been taken in this regard, like the setting up of a spot market called eNAM. Model APMC laws have been passed by some states to open up sales. This was all part of the farm laws introduced but withdrawn under protest. We really need to ask a broader question on whether we really want a strong, independent and resilient farming structure where farmers at all levels and not just the larger ones have access to a high-income-sustained living. There is a need for change and this is the right time. https://www.financialexpress.com/opinion/some-alternatives-to-msp/3405886/

## 13. No case for MSP and other policy lessons from the Consumption Survey *(moneycontrol.com)* 26 Feb 2024

The household consumption expenditure survey, released after more than a decade, offers valuable insights into the shifting consumption patterns of Indians. The good news is that Indians are spending less on food, implying increasing disposable income that can be spent in other areas. Also, there is a shift in consumption patterns from cereals to high-protein foods such as meats and dairy.

RURAL SHOWS THE WAY

India’s expenditure on food has fallen to less than 50 percent of the total consumption expenditure in rural India for the first time. Spending less on food translates into higher spending on other categories, including consumer durables, entertainment and so on. Spending on food in rural India is down to 46.38% from 59.4 percent in 1999-2000. In an analysis of the survey, brokerage Emkay notes: “Higher growth for rural MPCE (monthly per capita expenditure) is at odds with the argument that the economy has been sluggish over the last few years.”

The survey, notes Emkay, also demonstrates that rural livelihoods have improved, especially for the lowest-income classes. The difference between rural and urban monthly per capita consumption expenditure as a percentage of rural MPCE declined to 71 percent in 2022-23 from 84 percent in 2011-12 and over 90 percent in 2004-05. "The poorest level rural households have been able to spend at a much closer level to their urban counterparts, and this implies that the government policy initiatives to enhance rural incomes have worked to an extent," the Emkay note said.

These findings come two years after the pandemic that upended several calculations on rural growth as India's overall growth contracted. While the government was relatively conservative in its fiscal outreach across sectors compared to the rest of the world, a raft of measures was announced to soften the blow of economic activity coming to a standstill for several months. The measures were specifically targeted at rural India. India imposed one of the most stringent lockdowns in the world and announced a subsidised food grain scheme for nearly 800 million Indians, besides cash support. Apart from the pandemic, demonetisation announced in 2016 that made Rs500 and Rs1000 notes illegal had reportedly been a cause of great distress in rural areas. However, the survey findings illustrate that rural India's recovery gives reasons to be more optimistic.

## ASPIRATIONAL INDIA

Interestingly, the fact that the share of food in MPCE is declining also indicates more aspirational behaviour among Indians – who are now shifting to other categories of food such as milk, fruits, fish, meat, and eggs. Rural households are also spending more on proteins than urban households as a share of their incomes. This is an important change in dietary patterns, considering India continues to be a protein-deficient country. Expenditure on cereals was almost 22 percent of the total consumption expenditure in rural households in 1999-2000, which is now down to 4.91%; in urban areas, it is down to 3.64 percent from 12 percent. Non-food spending as a percentage of total consumption expenditure went up from 40.6 percent in 1999-2000 to 53.6 percent in 2022-23.

Evidently, policy measures targeted towards ensuring free food grains, rural employment, and infrastructure development have had a positive outcome. Niti Aayog CEO BVR Subrahmanyam said that the survey findings indicate that poverty in India is below five percent.

There are several policy lessons from the consumer survey; with consumption patterns shifting away from cereals, there is a clear need to give a concerted push to horticulture and animal husbandry. In fact, high-yield items such as fruits, dairy, etc, do not have an MSP – the big point of conflict between the Indian government and farmers. Poultry and fishery are among the fastest-growing agricultural sectors, growing at about 7-8 percent.

One of India's foremost agricultural economists, Ashok Gulati, said: "One hectare of rice vs one hectare of fruit -profits are much higher in fruit. You have to move towards high-value agriculture."

As the government gears up for elections and India elects a new government, it might be worth considering repurposing the free food grain programme into a food coupon programme, enabling citizens to purchase according to their changing taste buds. Rethinking the whole concept of MSP could be a politically contentious move, but the next term of the government should have a robust ministry handling fisheries and horticulture. In the interim budget, the allocation for animal husbandry saw a 40 percent jump to Rs 4,327 crore from Rs 3,105 crore in 2022-23.

If anything, the survey shows a turn in how India spends and eats, and policies must evolve to keep up with the times. https://www.moneycontrol.com/news/business/economy/no-case-for-msp-and-other-policy-lessons-from-the-consumption-survey-12353871.html

## 14. Contractors allege irregularities in OMR drain project *(timesofindia.indiatimes.com)* 27 Feb 2024

Chennai: An association of civil contractors in the city has alleged irregularities in the storm water drain project for OMR and have lodged a complaint with DVAC. Tenders for the ₹738 crore KfW German Bank-funded project were allotted by cartels to some contractors for 'kickbacks,' it alleged.

The association members said the lowest bidders were finalized even before the technical evaluation, financial bidding and negotiations took place.

Before the due date, the tenders were allotted to big contractors by GCC officials and politicians, the association said in a letter to the DVAC. "When we questioned the superintendent, he said he was acting as per the instructions of the highest authorities," the letter said.

When asked, GCC commissioner J Radhakrishnan told TOI that if irregularities were found, he would take action.

Superintending engineer S Bhaskaran on the authenticity of the allotted contractor list given in the DVAC plaint, said, "I may have said I will consult higher authorities regarding the representation made by contractors."

"This restricted the participation of contractors for competitive bidding. In competitive bidding, we have taken contracts in negative of the project cost up to 15% in various SWD work that took place just a few months ago across the city. But now the work has been settled for in excess of the project cost for the same nature of concrete drains when work material cost has not increased much," he alleged. https://timesofindia.indiatimes.com/city/chennai/contractors-allege-irregularities-in-omr-drain-project-complaint-lodged-with-dvac/articleshow/108027323.cms

## 15. Maharashtra: Financial Irregularities? Not Fully Operational, Rs 6,000 Cr Spent on Mumbai-Goa Highway Since 2011 *(news18.com)*
FEBRUARY 27, 2024

An RTI query has revealed apparent discrepancies in the expenditure on the Mumbai-Goa highway project. The information from the central government and the public works department of Maharashtra says Rs 6,000 crore have been spent on the new four-lane highway, while a whopping Rs 192 crore have been spent on repair work already.

This highlights the need for a closer examination of the project's management and oversight. Mumbai-based RTI activist Jeetendra Ghadge got the information from the public works department (PWD). In fact, last year on October 16, a pillar at the under-construction site of the four-lane highway gave way leading to the collapse of a part of the flyover in Ratnagiri district. While there were no casualties reported, a crane machine at the site was damaged.

Two agencies are responsible for the repair and construction of the 471-km highway from Mumbai to Goa – National Highways Authority of India (NHAI), which is overseeing work on 84.6 km, and the PWD.

"The PWD was initially reluctant to provide information. But, the NHAI was forthcoming with complete details and disclosed that, since 2013, it has spent Rs 1,779.85 crore on new roads and Rs 145.82 crore on repair work. Additionally, it terminated an agreement with a contractor in 2011 due to a number of defaults," Ghadge said.

Response to the RTI query says the PWD has spent Rs 2,354.72 crore on the project, with no expenditure reported for repair work. But, the department did not provide information on action taken against contractors for not maintaining the new roads.

The Ratnagiri division of the PWD said from 2018 to 2023, Rs 1,815.85 crore were spent on new roads, while Rs 46.2 crore were spent on repair work from 2011 to 2023. The office also reported that contractors were fined Rs 5 crore and Rs 8 crore for delays in constructing new roads, but it remains unclear if these fines were collected.

"Overall, the data suggests that the PWD is primarily responsible for the delays and substandard work on the Mumbai-Goa highway. The division of work into various packages and the involvement of multiple offices further complicates the issue of accountability," the RTI activist said.

Ghadge further said more than 2,500 people from the Konkan belt have been killed in accidents on the highway since 2010, which has been under construction for more than a decade. A white paper should be ordered on the work done by the PWD, he added.

"Considering the good work done by the NHAI all over India, it is high time that the Mumbai-Goa highway is entrusted to the central government. Steps must be taken to address this and ensure that public funds are used responsibly and effectively," Ghadge said.

"The work on the Mumbai-Goa highway has been going on for the last 15 years. It started during our government, but the pace was not that great. Later, the BJP-Shiv Sena government came and did not hold any officer or contractor responsible for the slow pace. In the last 10 years, if the government has spent Rs 6,000 crore, where has the money gone? What work has happened? Because I recently visited Konkan and the condition of the road is pathetic," said Congress leader Bhai Jagtap, who is from the Konkan region. https://www.news18.com/india/maharashtra-financial-irregularities-not-fully-operational-rs-6000-cr-spent-on-mumbai-goa-highway-since-2011-8793930.html

## 16. Faulty district survey reports delayed environmental clearance for mining, says Punjab mining department report

*(hindustantimes.com)* Feb 27, 2024

The mining department has blamed faulty district survey reports (DSRs), prepared by a private consultant, for the delay in obtaining environmental clearance for gravel and sand mining causing huge losses to the state's exchequer. The environmental clearances are granted after the approval of the DSR by the State Environment Impact Assessment Authority (SEIAA).

The report further said that this caused a huge loss, amounting to crores of rupees in revenue to the state government and stalled the mining work in Pathankot and Ropar for more than one and a half years. As per data from the state mining department, Pathankot and Ropar districts contribute almost 80% of revenue from the sale of gravel in the state.

"Due to this error, the DSR of Pathankot district, which was approved on 27 December 2022 by SEIAA, needed rectification. The rectified DSR was subsequently approved on 3 October 2023. The erroneous survey conducted by M/s RSP Green Development and Laboratories Pvt. Ltd. has caused significant delays in obtaining environmental clearances for mines and subsequent delays in their operationalization, resulting in substantial losses to the state exchequer," reads the order issued by Executive Engineer Pathankot.

The stalling of the mining operations led to a spike in the prices of sand and gravel in Punjab. As per the report, private consultant M/s RSP Green Development and Laboratories Pvt. Ltd, was meant to submit DSRs in 2022 to pave the way for crucial environmental clearance (EC) for mining operations. However, inaccuracies in DSRs led to a cascading series of delays, resulting in the closure of mining sites. Consequently, SEIAA directed the department to rectify the DSR report.

The Punjab mining department has blacklisted the private firm responsible for the faulty DSRs. The blacklisting orders issued by the executive engineer acknowledge the loss of revenue.

According to official communications, the DSR submitted in August 2022 was found faulty, and the revised DSR submitted to the SEIAA was approved in October 2023. "However, mining operations have not yet commenced as the final step for environmental clearance is pending, which will take at least a month," a mining department official said.

"The mining sites of Pathankot and Ropar remained closed for a year due to delays in obtaining environmental clearance (EC) in the absence of a DSR report of mining sites in the district. It resulted in a huge loss of crores of rupees during this period, exceeding ₹150 crore," admitted an official.

Akash Aggarwal, XEN Mining, Pathankot, stated that following clearance from top officials, he has not only rectified the DSR and got it approved by SEIAA but also blacklisted the firm.

“Now, our focus is on making mining sites operational so that people can have easy access to sand and mining materials,” he said, adding that mining operations would commence in the next few days. https://www.hindustantimes.com/cities/chandigarh-news/faulty-district-survey-reports-delayed-environmental-clearance-for-mining-says-punjab-mining-department-report-101708974899209.html