

NEWS ITEMS ON CAG/ AUDIT REPORTS

1. CAG audit flags Sports Authority of India's infrastructure projects (*tribuneindia.com*) 27 September, 2023

The Comptroller and Auditor General's (CAG) initial performance audit report of the Sports Authority of India (SAI) has raised a lot of flags about how the body awards infrastructure projects.

The audit covered the period from 2017 to 2022, during which SAI undertook 128 infrastructure projects worth Rs 1,239 crore.

The report, accessed by The Tribune, is a big slap on the wrist of an organisation that prides itself on nurturing talent by providing infrastructure and coaching facilities. While SAI director general Sandip Pradhan refused to come on record about this report, a senior official said the body has all the answers for the auditors and that one should not jump to any conclusion based on the initial report. "Wait for the final report," he said.

In March 2019, the Departmental Project Approval Committee (DPAC), under the Khelo India Scheme, decided to construct four 300-bed hostels in the SAI regional centres in Bhopal, Imphal, Sonapat and Thiruvananthapuram at an approximate cost of Rs 44 crore.

When SAI submitted its initial proposal, the cost increased to Rs 70.88 crore. The Sports Ministry approved the proposal with a rider that construction could only be undertaken after obtaining location specific approval for each hostel with finalised estimates, drawings and designs. In the final proposal, which was submitted in June 2019, the estimate was hiked to Rs 126.96 crore.

Similarly, DPAC approved a proposal to construct 300-bed hostels at 10 places at a total cost of Rs 267.70 crore. From the list, Mumbai and Guwahati were removed, while the Army Sports Institute Pune and STC Dhenkanal were added. The Dharamsala hostel was cancelled due to the non-availability of land, while the hostel at the Jawaharlal Nehru Stadium was also cancelled due to major revision in the scope of work. Also, SAI conducted no survey regarding the requirement of infrastructure. "In none of the projects selected for the check, neither the copies of contract, issued to the contractors by the PMCs (Professional Management Contractors) nor any tender documents were found on record. This is a glaring mistake on part of the SAI being the owner of land and the project. It was unaware of the details and terms of contracts on which work was awarded to the contractor by PMC," the report reads.

The report also flags the manner in which SAI agreed to increase the Uttar Pradesh Rajkiya Nirman Nigam's (UPRNN) professional management charges from 2.99 per cent to 6.60 per cent for the construction of a 100-bed hostel at the Jawaharlal Lal Nehru Stadium.

“The project was completed in December 2020 but neither any completion certificate/document nor any final bills for the works were found on record,” the report read.

Stalled/Abandoned Projects

Synthetic athletics track in Tinsukhia

(Assam): The Rs 7 crore project was to be completed by July 2018. Inspection in August 2021 revealed only 10 per cent of work was completed. SAI has already paid Rs 6 crore.

Synthetic athletics track in Dimapur

(Nagaland): The Rs 8.43 crore project was approved in 2017. While SAI claimed that 80 per cent of the work was completed, inspection showed that the track has not been laid yet and drainage work is incomplete.

Fencing hall in Aurangabad

(Maharashtra): Changes in design after completion of 30 per cent of work raised the cost of the project from Rs 1.51 crore to Rs 1.99 crore.

FINA-standard pool in Aurangabad: Built at a cost of Rs 10.30 crore, the pool is lying idle due to flaws in the water treatment plant. This was an ill-conceived project as the area has faced acute water shortage for decades.

Multipurpose hall in Hazaribagh

(Jharkhand): The Rs 4.46 crore project was handed over in 2010 but remains non-functional. The wooden floor, electrical wiring and furniture are all damaged. The surrounding is overgrown with bushes and infested with snakes.

Multipurpose hall in Kotputli

(Rajasthan): The Rs 3.12 crore project was handed over in February 2020 after a delay of 25 months. It has a metal roof with a false ceiling. The doors and half of the ceiling have fallen off. <https://www.tribuneindia.com/news/sports/cag-audit-flags-sports-authority-of-indias-infrastructure-projects-548186>

2. Identity pangs: On Aadhaar and concerns (*thehindu.com*) 27 Sep 2023

In an innocuously titled report on “Decentralized Finance and Digital Assets” released last Saturday, global rating major Moody’s Investors Service has flagged some uncomfortable home truths about India’s ambitious digital identification (ID) programme for residents, Aadhaar. As the world’s largest digital ID programme with biometric and demographic details of over a billion residents, Aadhaar stands out for its scale. But at a broader level, the agency has red-flagged security and privacy risks from “centralised” digital ID systems such as Aadhaar, where a single entity controls identifying credentials. Moody’s, which has mooted decentralised ID systems that give

users more control over their data, has also lent weight to worries about the efficacy of Aadhaar's biometric-based authentication systems to verify identities. "The system often results in service denials, and the reliability of biometric technologies, especially for manual labourers in hot, humid climates, is questionable," it said. While this observation is of relevance amid the government's push to switch all payments under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to an Aadhaar-based payment system, it echoes the concerns raised ever since its launch under the United Progressive Alliance regime.

The vigorous pursuit of Aadhaar, after some initial hesitation, under the present government has manifested in the 12-digit number becoming mandatory for almost all welfare benefits to weaker sections as well as activities such as opening bank or provident fund accounts, securing telephone connections and remitting taxes. Its use, backed by the expansion of access to no-frills bank accounts and mobile phone connections, has indeed enabled the direct transfer of benefits to millions in welfare schemes and weeding out ghosts and middlemen. Yet, there have also been instances of people being excluded from basic services for lack of an Aadhaar or labourers and senior citizens struggling to confirm their fingerprints and retina scans to prove they exist. An audit of the Unique Identification Authority of India (UIDAI) by the Comptroller and Auditor General of India released last year, had flagged lapses that jeopardise privacy and compromise data security, along with flaws in enrolment processes leading to duplication and faulty biometrics. India has pushed for digital public infrastructure like the one built around the edifice of Aadhaar, as a means for service delivery in G-20 nations and beyond. Having appointed a part-time chief to the UIDAI last month after four years, the government must seek an honest review of, and course correction in the Aadhaar programme, before expanding its linkages further, be it for electoral rolls, private entities or MGNREGA payments. <https://www.thehindu.com/opinion/editorial/identity-pangs-the-hindu-editorial-on-aadhaar-and-concerns/article67348095.ece>

3. CAG India log five-wicket win (*tribuneindia.com*) 27 Sep 2023

The Comptroller and Auditor General (CAG) of India team recorded a five-wicket win over the Himachal Pradesh Cricket Association (HPCA) during the 28th All India JP Atray Memorial Cricket Tournament, being held under the aegis of the Punjab Cricket Association, at Mahajan Cricket Ground, IT Park.

Batting first, HPCA bundled out 195 runs in 43.2 overs. In reply, CAG India achieved the target and scored 196 runs in 36 overs with the help of an unbeaten 55-run innings by Gurvinder Singh.

In the second match, at the Sector 16 cricket stadium, the Yorks Cricket Club, Delhi, defeated Ran Star Cricket Club, Delhi, by seven wickets. Batting first, Ran Star Cricket Club bundled out 96 runs in 30.1 overs. In reply, Lalit Yadav scored an unbeaten 48 runs to help Yorks Club score 98/3 in 14.3 overs.

In the third match, Amigo Sports Academy beat Delhi Blues Cricket Club by 147 runs. Batting first, Amigo Academy scored 260/9 in 50 overs. In reply, the Delhi Blues Club posted 113 runs before getting all-out in 26.3 overs.

STATES NEWS ITEMS

4. CAG finds fault with APPCB for failure to check pollution in Visakhapatnam (*thehindu.com*) 26 Sep 2023

The Comptroller and Audit General of India (CAG) has found fault with Andhra Pradesh Pollution Control Board for its failure to check pollution in Visakhapatnam.

As per its Compliance Audit Report, which was released recently, mentioned that the Board did not review implementation of Comprehensive Clean Air Action Plan (October 2018) with reference to non-complied issues like air quality and monitoring assessment, industrial pollution, pollution through vehicular emissions and burning of waste in the open, and for prevention, control or abatement of pollution in Visakhapatnam.

“Meagre utilisation of allocated funds against environmental schemes during the three-year period (2017-2020) indicated inadequate attention to pollution control related activities. In Visakhapatnam region, the funds provided and expenditure on environmental schemes showed a downward trend over the three-year period,” the CAG report states.

In 2017-18, budget provision of ₹4.30 crore was made for 16 environmental schemes which came down to ₹0.33 crore during 2019-20. Acute shortage of technical and scientific staff in the Board led to shortfall in mandatory inspections of industries, it observed.

“Though 1,353 inspections were required to be done for the year 2019-20 by the Board, the actual number of inspections conducted were 243 (around 18%) only. Further, 70 out of 876 industrial units in Visakhapatnam region operated without valid consents,” says the report.

The Board had not taken strict measures against the polluting units which did not comply with the envisaged provisions/ conditions of consent for operation, thus allowing the polluting units to continue operations by granting renewals of consents, the report added

Visakhapatnam district was selected for the compliance audit as it was the most polluted city (March 2019) in Andhra Pradesh in respect of hazardous waste and plastic waste generation. In respect of red category industries, biomedical waste generation and population, it stood in the second, third and fourth places respectively, the report stated.

Audit was conducted (between October and December 2020) to assess compliance with ‘Applicable environmental laws in Visakhapatnam District relating to prevention, control and abatement of pollution in air, water and soil’. The status of compliance with the applicable environmental laws in Visakhapatnam covering the period from 2017-18 to 2019-20 were verified in audit.

In relation to Greater Visakhapatnam Municipal Corporation's household coverage for collection of solid waste, the report stated that it was only 42% coverage against the service level benchmark of 100% indicating non-collection of waste from a sizeable number of waste generators.

"GVMC has not notified exclusive deposition centres for domestic hazardous waste in its jurisdiction for safe disposal," the report stated. <https://www.thehindu.com/news/cities/Visakhapatnam/cag-finds-fault-with-appcb-for-failure-to-check-pollution-in-visakhapatnam/article67348902.ece>

5. Govt wasted money on pvt firms: CAG (*theshillongtimes.com*) 27 Sep 2023

SHILLONG, Sep 26: The state government wasted more than Rs 170 crore of public money in the last few years due to wrong planning and undue financial benefit to private companies, the latest report of the Comptroller and Auditor General has revealed.

The waste of money earned from taxing people was avoidable, it said.

In one of the most glaring instances, the CAG pointed out that despite an advisory from the cabinet secretary, the injudicious decision of the MePDCL to award works under the Saubhagya scheme to contractors at their quoted rates resulted in an avoidable expenditure of Rs 156.14 crore.

The audit body similarly found that the reimbursement of insurance charges without obtaining documentary evidence in support thereof, resulted in undue financial benefit to the turnkey contractors (TKCs) under DDUGJY and Saubhagya to the tune of Rs 1.96 crore.

There was also an instance when the award of three works under DDUGJY phase I to L2 bidders instead of L1 bidders resulted in an avoidable expenditure of Rs 90 lakh.

While the CAG continues to publish these irregularities for years, there has been hardly any report of action being taken by the government barring the issuance of simple clarifications.

The CAG report on the health sector also pointed out that the inability of the state nodal agency to protect the interest of the government in the efficient implementation of MHIS IV and PMJAY resulted in the extension of undue financial benefit of Rs 11.38 crore to the insurance company of the scheme.

Another observation of the CAG was that the injudicious decision of the MePDCL to divert the financial assistance received under UDAY for payment of other loans/liabilities of the company and invest the balance funds in short-term fixed deposits instead of making immediate repayment of the outstanding loan for which the fund was released, resulted in the avoidable expenditure of Rs 2.37 crore towards payment of interest and penal interest.

The CAG further observed that the procurement of medicines at rates higher than those approved by the Central Purchase Board from non-approved manufacturers by the DHS(MI) resulted in the avoidable excess expenditure of Rs 87 lakh.

The CAG in another instance observed that the injudicious selection of the site Saiden Nongpoh for setting up a modern and hygienic fish market led to its non-utilisation even after more than three years of the completion resulting in idle expenditure of Rs 1.44 crore.

The CAG also observed that due to a lack of coordinated approach in the implementation of the modernisation and upgradation of the fruit processing unit at Dainadubi, the project remained incomplete even after 10 years of its sanctioning. The expenditure incurred on the project amounting to Rs 1.11 crore not only proved infructuous but also deprived the local farmers of the economic benefits of a modernised fruit processing facility, it said.
<https://theshillongtimes.com/2023/09/27/govt-wasted-money-on-pvt-firms-cag/>

6. जल एवं स्वच्छता संस्थान की कैग ऑडिट क्यों नहीं, कोर्ट ने मांगा जवाब,जानिए पूरा मामला (zeenews.india.com) 27 Sep 2023

राजस्थान हाईकोर्ट ने जल एवं स्वच्छता संस्थान की नियंत्रक एवं महालेखा परीक्षक से ऑडिट नहीं कराने पर राज्य सरकार, जल एवं स्वच्छता संस्थान और कैग से तीन सप्ताह में जवाब मांगा है. जस्टिस एमएम श्रीवास्तव और जस्टिस प्रवीर भटनागर की खंडपीठ ने यह आदेश पब्लिक अगेंस्ट करप्शन संस्था की ओर से दायर जनहित याचिका पर प्रारंभिक सुनवाई करते हुए दिए.

करोड़ों रुपए का बजट

याचिका में अधिवक्ता पीसी भंडारी और अधिवक्ता टीएन शर्मा ने अदालत को बताया कि पीएचईडी विभाग के अधीन कार्य करने वाले जल एवं स्वच्छता संस्थान को केन्द्र और राज्य सरकार की ओर से करोड़ों रुपए का बजट मिलता है. संस्थान की ओर से करोड़ों रुपए खर्च करने के बाद भी खातों का ऑडिट सरकारी संस्था से नहीं कराया जाता. जबकि कैग एक्ट की धारा 14(1) में प्रावधान है कि जिस सरकारी संस्थान को केन्द्र या राज्य सरकार से 25 लाख रुपए से अधिक का फंड मिलता है तो उस संस्थान की कैग ऑडिट जरूरी है.

इसके अलावा राज्य सरकार के सामान्य वित्त एवं लेखा नियम के तहत राज्य सरकार के सभी फंड की ऑडिट राज्य के विभाग से करना जरूरी है. इसके बावजूद भी जल एवं स्वच्छता संस्थान की सरकारी ऑडिट नहीं कराई जाती. याचिका में आरोप लगाया गया कि जल एवं स्वच्छता संस्थान को करोड़ों रुपए फंड मिलने के बाद भी इसके खातों की जांच कैग से ना करवाकर निजी सीए से करा कर इतिश्री कर ली जाती है.

जिसके कारण संस्थान की वित्तीय अनियमितता की जानकारी सार्वजनिक नहीं हो पाती है. याचिका में कहा गया कि राज्य सरकार को निर्देश दिए जाए कि वह इस संस्थान की कैग से ऑडिट कराए. जिस पर सुनवाई करते हुए खंडपीठ ने संबंधित अधिकारियों से जवाब तलब किया है.
<https://zeenews.india.com/hindi/india/rajasthan/jaipur/jaipur-news-why-no-cag-audit-of-water-and-sanitation-institute-court-seeks-answer/1889338>

7. कैग का कहना है कि आंध्र प्रदेश में वार्ड सचिवालय प्रणाली संविधान की भावना के खिलाफ है (jantaserishta.com) 27 September, 2023

विजयवाड़ा: भारत के नियंत्रक एवं महालेखा परीक्षक (सीएजी) ने महसूस किया कि राज्य में वार्ड सचिवालय प्रणाली का गठन संविधान की भावना के खिलाफ है।

74वें संवैधानिक संशोधन अधिनियम के कार्यान्वयन की प्रभावकारिता पर अपनी प्रदर्शन ऑडिट रिपोर्ट में, जिसे सोमवार को एपी विधान सभा में पेश किया गया था, सीएजी ने उल्लेख किया कि वार्ड समितियों के गठन के बिना वार्ड स्तर पर वार्ड सचिवालयों के गठन ने भावना को कमजोर कर दिया। जैसा कि संविधान में स्थानीय स्वशासन की परिकल्पना की गई है।

यह देखते हुए कि वार्ड समितियों का गठन नहीं किया गया था और इसके बजाय, राज्य सरकार ने विकेंद्रीकृत शासन के इरादे से जुलाई 2019 में वार्ड सचिवालय की प्रणाली शुरू की, सीएजी ने बताया कि वार्ड सचिवालय का गठन वार्ड स्तर पर निर्वाचित प्रतिनिधियों की भागीदारी के बिना किया गया था।

इसने राज्य सरकार को स्व-शासन को साकार करने के लिए वार्ड समितियों का गठन करने और वार्ड समितियों और क्षेत्र सभाओं के साथ वार्ड सचिवालयों को एकीकृत करने की सिफारिश की। लेखापरीक्षा निकाय ने पाया कि राज्य सरकार शहरी स्थानीय निकायों (यूएलबी) पर शक्तियों का हनन कर रही है।

'आंध्र सरकार ने यूएलबी को पर्याप्त शक्तियां सौंपने को कहा'

जून 1993 में लागू हुए 74वें संवैधानिक संशोधन अधिनियम (74वें सीएए) के संबंध में, जिसने शहरी स्थानीय निकायों (यूएलबी) को संवैधानिक दर्जा प्रदान किया, सीएजी ने पाया कि राज्य सरकार शहरी स्थानीय निकायों पर शक्तियों का उल्लंघन कर रही है। यूएलबी), जो संवैधानिक संशोधन की भावना के खिलाफ था।

18 कार्यों में से, राज्य सरकार ने 13 कार्यों को पूर्ण रूप से और तीन कार्यों को आंशिक रूप से नगर निगमों को सौंप दिया और केवल सात कार्यों को पूरी तरह से और पांच कार्यों को आंशिक रूप से नगर पालिकाओं/नगर पंचायतों को सौंप दिया।

हस्तांतरित कार्यों में से, सभी यूएलबी की केवल पाँच कार्यों में पूर्ण कार्यात्मक भूमिका थी।

यह कहते हुए कि 74वें सीएए का उद्देश्य यूएलबी को प्रमुख नागरिक कार्यों की डिलीवरी सौंपना था, सीएजी ने पाया कि शहरी नियोजन के कार्य, जिसमें टाउन प्लानिंग, भूमि उपयोग का विनियमन और शहरी गरीबी उन्मूलन शामिल हैं, पैरास्टैटल्स द्वारा वितरित किए जाते रहे।

“यूएलबी में कर्मचारियों की सेवा शर्तों का आकलन, भर्ती और तैयार करने की शक्तियां पूरी तरह से राज्य सरकार द्वारा बरकरार रखी गई हैं। इसलिए, मानव संसाधन के मामले में यूएलबी के लिए कोई स्वायत्तता नहीं है। यूएलबी में पर्याप्त जनशक्ति की कमी थी क्योंकि नमूना-जांच किए गए यूएलबी में स्वीकृत पदों में से 20% रिक्त थे, जिससे कुशल सेवा वितरण प्रभावित हुआ। हम अनुशंसा करते हैं कि आंध्र प्रदेश सरकार आवश्यक कर्मचारियों का आकलन और भर्ती करने के लिए यूएलबी को पर्याप्त शक्तियां सौंप दे, ”रिपोर्ट में कहा गया है। <https://jantaserishta.com/local/andhra-pradesh/ward-secretariat-system-in-ap-against-the-spirit-of-constitution-says-cag-2850700>

SELECTED NEWS ITEMS/ARTICLES FOR READING

8. India Needs \$15 Trn Investments to Achieve Net-Zero Emissions By 2070: Report (*businessworld.in*) 26 September, 2023

The report highlights three fundamental pillars of India's energy transition- grid decarbonisation, industrial decarbonisation and transport transition

India will require a massive USD 15 trillion in investments to achieve its net-zero emissions target by 2070, according to a report by FICCI and Deloitte India.

The report titled 'India's energy-transition pathway: A net-zero perspective', highlighted three fundamental pillars of India's energy transition: grid decarbonisation, industrial decarbonisation and transport transition.

These three pillars are expected to address approximately 90 per cent of the nation's current emissions.

Notably, grid decarbonisation aims to increase the share of electricity in the final energy mix from 18 per cent in 2020 to over 50 per cent by 2070. The report added that this will require an ambitious capacity addition of approximately 50 GW/year of renewable energy (RE), marking a notable escalation from the historical average of 15–20 GW annually.

To achieve these targets, the report recommended that the central and state governments expedite the bidding process for the procurement of renewables. State governments, which are positioned to play a pivotal role, must ensure swift land allocation/acquisition and accelerate statutory clearances for project development.

The second pillar, industrial decarbonisation, primarily focuses on pivotal sectors like steel, cement, aluminium and fertilisers. The spotlight in this is firmly on green hydrogen (GH₂), which is anticipated to find broad applications across these industries.

As per the Deloitte analysis, by 2070, GH₂ is projected to satisfy a substantial portion of energy demand, going more than 50 million tonne (MT).

To address the economic implications of GH₂, the report suggested that measures be taken to reduce its cost and foster an environment that promotes its broad acceptance. It is crucial to support early-stage demonstration projects, particularly in the cement and steel industries.

The third pillar, transport transition emphasises India's strategic shift towards low-emission technologies. The spectrum ranges from battery electric vehicles (BEVs) to hydrogen combustion engines to fuel cell electric vehicles (FCEVs). The development of a comprehensive charging infrastructure complemented by visionary urban planning is integral to this shift.

As per the report, a robust public-private partnership (PPP) to establish charging infrastructure and hydrogen refuelling systems is essential for the transport transition. Both, central and state governments need to prioritise efficient urban planning strategies

that can reduce travel distances and motorised travel demand, by investments in railways, including their augmentation and modernisation, as well as in freight corridors and mass public transit, it said. <https://www.businessworld.in/article/India-Needs-15-Trn-Investments-To-Achieve-Net-zero-Emissions-By-2070-Report-/26-09-2023-492739/>

9. Water wisdom will help us cope with climate change *(livemint.com)* 26 Sept 2023

Innovative solutions exist that could be scaled up to help avert a crisis of acute water scarcity

We recently read news about July 2023 being the hottest month ever recorded globally, breaching the 1.5° Celsius limit above pre-industrial levels. Paradoxically, this was also the coolest July for north India after 2016.

Climate change comes with many layers of complexity, and not all of them may even yet be evident. However, one aspect of it is apparent: climate change is inextricably linked with water, manifesting itself in various forms ranging from droughts and floods to a rise in sea levels as polar ice-caps melt. Less obvious is the salinization of freshwater resources, including groundwater reserves.

New data published by WRI Aqueduct studies indicates that by 2050, an additional one billion people (more than 12% of the projected population) are expected to live with extremely high water stress even if the global temperature rise is capped at the Paris target of 1.3° Celsius. But what is ‘water stress’? Water demand can be measured as a proportion of renewable supply to indicate the competition over local water resources. A country faces ‘extreme water stress’ if it is using at least 80% of its available supply, while ‘high water stress’ is pegged at 40%. Figures like this weigh heavily on the global economy. The same study projects that as much as 31% of global GDP—a whopping \$70 trillion—will be exposed to high water stress by then, with just four countries (India, Mexico, Egypt and Turkey) accounting for over half of this.

A status quo or laissez-faire approach cannot be adopted, especially in parts of the world where a rising population accompanies rapid development. Increasing water stress threatens economic growth as well as the world’s food security, with 60% of the world’s irrigated agriculture (mainly rice, wheat, maize and sugarcane) facing extremely high water stress. IPCC reports have identified South Asia as particularly vulnerable to the impact of climate change. This monsoon saw north India get excessive rains, while eastern parts were left deficient. Compound this with the delayed sowing of India’s kharif crops, which inevitably puts pressure on the rabi season later in the year—which, in any case, is more dependent on stored surface water and groundwater. And therein lies the rub.

Agriculture consumes 80% of India’s freshwater resources. According to the Water Resources Group (WRG), by 2030, India will only have 50% of the water it needs. This crisis will likely be the worst in India’s history and disproportionately impact agriculture.

Earlier this year, the first-ever census of water bodies, both public and in private hands, was published. This is a welcome data-backed step forward for any policy planning process to reliably account for and enhance water storage. Various government initiatives around water show that the problem is receiving top-level attention. As testament, consider the range of initiatives. We have all-India action schemes (like the National Water Mission and also Rural Employment Guarantee Scheme) and groundwater management programmes (Atal Bhujal Yojana) which address water supply, as well as schemes that promote optimal water use in agriculture, such as the Pradhan Mantri Krishi Sinchayee Yojana, which aims to deliver “more crop per drop.”

There are three distinct ways in which Indian industry can contribute to this cause. First, companies working with farmers can encourage more efficient water measures, such as switching to water-efficient crops or using methods like sprinkler or drip irrigation instead of flooding fields. Second, practices have been developed across the globe whereby companies can set rational targets grounded in science. These can and should be shared in the public domain for broader adoption. And third, the power of industry as a collective to aid and impact policy should not be underestimated. Industry associations could place the issue centre-stage with policymakers and help shape the trajectory of coordinated thoughts and actions, blending, as appropriate, the efforts of research organizations, financial lenders and civil society.

Solutions are being found that can avert a water crisis even in areas of chronic water stress. What may seem expensive or difficult techniques today, like removing water-thirsty grass, desalination and wastewater treatment and re-use, will have to be innovatively scaled up at low cost. In India, some programmes have helped address—and in some cases pre-empt—water stress in different agroclimatic terrains. Hindustan Unilever Foundation has supported some of these initiatives and shared these learnings to help take the overall mission forward.

It is important for us to reflect on Sustainable Development Goal No. 6, which deals with securing this life-assuring fluid. Moreover, the water theme this year focuses on innovative ideas for a water-wise world. So we also need to think differently. Innovation is often seen as limited to developing new technology, but implementing it on scale is also key. The brilliance of the startup world, which thinks differently, could handsomely contribute to this.

The water mandate is global; we all have roles to play. This is a crisis that we may well be able to solve in our lifetimes, provided we commit ourselves. Let us all work together to ensure we never have to face the grim realities of acute water scarcity as we grapple with other aspects of climate change. <https://www.livemint.com/opinion/online-views/water-wisdom-will-help-us-cope-with-climate-change-11695738746260.html>

10. Blended Finance for Sustainable Development: Unlocking Capital (*timesofindia.indiatimes.com*) 26 Sep 2023

Blended finance represents a strategic approach aimed at catalysing private capital to drive sustainable development within developing countries. This sophisticated tool combines concessional public funds, guarantees, technical assistance, and design funding grants to confront the intricate challenges associated with attracting private investments for projects aligned with the Sustainable Development Goals (SDGs).

The importance of blended finance becomes most evident when considering its role in Least Developed Countries (LDCs). These nations grapple with yawning financing gaps in their pursuit of the SDGs. High levels of poverty, escalating debt burdens, and heightened vulnerability to climate change typically deter private investors from participating in development ventures within these countries. It is in this context that blended finance emerges as a solution, dedicated to reducing investment risks and cultivating a more inviting environment for private sector engagement.

At the forefront of its benefits in LDCs is the capacity of blended finance to mobilize additional private sector investment. Conventional sources of financing often prove inadequate in meeting the substantial resource demands of comprehensive development. Blended finance steps in as a bridge, alluring private capital, which is indispensable for propelling SDG-related initiatives.

Furthermore, blended finance mechanisms play a pivotal role in mitigating the risks inherently associated with investments in LDCs. These risks span from sovereign and currency risk to concerns about political instability, governance weaknesses, and corruption. Employing guarantees and other risk mitigation instruments, blended finance endeavours to bolster investor confidence and furnish private investors with a safety net.

Blended finance displays remarkable versatility by supporting a diverse range of SDG projects in LDCs. Whether the focus is on renewable energy endeavours, climate adaptation strategies, or infrastructure development, blended finance can be finely tuned to match the precise requisites of each project.

Moreover, blended finance champions sustainable development in LDCs by strategically directing investments towards projects that harmonize with the SDGs. It plays a crucial role in integrating environmental, social, and economic considerations into the development process. This ensures that projects do not merely spur short-term economic growth but also contribute to the long-term well-being of local communities.

Several real-world examples underscore the efficacy of blended finance in LDCs. The UN Capital Development Fund (UNCDF) has been instrumental in providing blended capital financing for a range of SDG projects encompassing renewable energy, climate adaptation, and infrastructure development. Similarly, the Green Climate Fund (GCF) has been successful in channelling blended finance to bolster climate change mitigation and adaptation endeavours in LDCs. Projects funded by GCF include the construction of solar power plants and the establishment of early warning systems for climate-related disasters. The Global Energy Efficiency and Renewable Energy Fund (GEEREF) has played an essential role by providing blended finance for energy efficiency and renewable energy initiatives in LDCs. These projects span from the installation of solar panels in schools to hospitals.

When addressing the obstacles that impede investments in LDCs, blended finance offers effective solutions. High interest rates, a common challenge in LDCs, can be mitigated by employing blended finance to reduce borrowing costs. This makes it more economically feasible for countries to access the capital required for their development aspirations.

In addition to interest rates, blended finance addresses the issue of perceived risk in LDCs. Investors may be hesitant due to concerns about political instability and governance issues. Blended finance instruments, including guarantees and risk mitigation strategies, are designed to enhance investor confidence, making investments in LDCs more attractive.

The systemic challenges faced by LDCs, such as inadequate infrastructure and institutional capacity, can also be addressed through blended finance. Investments in capacity building and institutional reform are instrumental in rendering these countries more appealing to investors.

Furthermore, it is essential to emphasize that blended finance necessitates a conducive regulatory framework. It plays a pivotal role in developing the regulatory environment essential for private investment to thrive in LDCs. This involves the facilitation of effective regulatory frameworks tailored to the unique needs of these countries. Local governments play a critical role in enhancing regulatory frameworks. Their active participation and commitment to establishing a favourable business environment are fundamental for attracting private investment.

It is important to underscore that blended finance is a structuring tool and not a standalone solution. It should be viewed as an integral part of a comprehensive strategy for financing sustainable development. Effective partnerships, innovation in mechanisms, and rigorous impact measurement are equally vital components of this strategy. These aspects are crucial for ensuring the continued success and adaptability of blended finance, enabling it to remain responsive to the evolving needs of LDCs and to ensure that investments yield tangible contributions to the SDGs.

In conclusion, blended finance stands as a potent instrument for mobilizing private capital to underpin the achievement of the SDGs in LDCs. By addressing investment obstacles and mitigating risk factors, blended finance unlocks the crucial private investments required by LDCs to realize their sustainable development ambitions. In addition to its core functions, blended finance thrives on effective partnerships, encourages innovation in its mechanisms, and emphasizes the importance of impact measurement. These elements are essential for ensuring the continued success and adaptability of blended finance, enabling it to remain responsive to the evolving needs of LDCs and to ensure that investments contribute substantively to the SDGs.

<https://timesofindia.indiatimes.com/blogs/agyeya/blended-finance-for-sustainable-development-unlocking-capital/>

11. The gamble with online gaming: ₹1.5 trillion in taxes? (*livemint.com*) 26 Sep 2023

The Directorate General of GST Intelligence (DGGI) is serving tax demands worth thousands of crores of rupees on online gaming firms. The demands are up to 10x the revenue of some firms. Why is it making such astronomical demands, and are they substantiated?

How much is the DGGI claiming?

On 12 September, the DGGI's show-cause notice to Mumbai-based Dream11 claimed GST in line with gambling and lottery firms. It claimed taxes of ₹217 crore against

Dream11's FY18 revenue of ₹228 crore, and ₹1,006 crore against FY19 revenue of ₹802 crore. In September last year, it asked Bengaluru-based Gameskraft for ₹21,000 crore GST against its FY22 revenue of ₹2,112 crore. Three lawyers for multiple gaming firms, as well as a senior government official, confirmed more such notices in works—including Games24x7. The total tax claim from the entire industry may reach ₹1.5 trillion, they said.

Is there a case for DGGI?

In its September 2022 claim against Gameskraft, the DGGI said that the startup misrepresented its business category, and that it is actually a gambling and not gaming firm. A lawyer for a top gaming firm said the DGGI is filing retrospective claims based on the Centre's new 28% tax rate on the sector. Its notice to Dream11 said "the entire contest entry amount constitutes the value of taxable supply"—reaffirming that while gaming firms computed tax at 18% (the previous tax rate) of their net earnings, DGGI's computation is based on 28% of their gross revenue. This can be 15-16x what firms have so far paid in taxes.

How is this difference being calculated?

If a gaming startup receives ₹100 from a user as a fee to play a game, they earned around ₹10 as 'platform fee'. Prior to the new tax, startups were paying GST at 18% on this ₹10—or ₹1.80. The new tax regime mandates GST at 28%. This takes up the DGGI's tax claim up 15 times, compared to how companies had so far computed tax, a substantial difference.

How has the gaming industry reacted?

Three top lawyers labelled the tax claims as disproportionate, since the demand exceeded the revenue of these firms. Two other lawyers said Dream11 is likely to receive retrospective claims of up to ₹40,000 crore, as against its FY22 revenue of ₹4,056 crore. Games24x7, which reported FY22 revenue of ₹1,169 crore, may get a demand of ₹19,000 crore. An executive at an online gaming firm said finance minister Nirmala Sitharaman did not recommend retrospective claims following the 51st GST Council meeting on 2 August.

Is there any legal basis for the claims?

Lawyers said the claims are reminiscent of the government's retrospective tax claim of ₹11,218 crore on Vodafone, plus penalties of ₹7,900 crore. In gaming, courts, including the Supreme Court, said these startups offer games of skill, which is not gambling. This is why a retrospective GST claim at the same level as gambling is being debated. Segregation of games of skill and chance should also help differentiate startups such as Gameskraft, Dream11 and Games24x7 from gambling and lottery entities. <https://www.livemint.com/companies/start-ups/mint-primer-unraveling-dggis-hefty-tax-notices-to-online-gaming-startups-11695718750149.html>

12. Fixing AI regulation (*thehindubusinessline.com*) September 26, 2023

To address risks associated with AI, nations are in the process of formulating policy and are following a horizontal or vertical approach or a mix of both. In the horizontal approach, regulators create a comprehensive regulation that covers the many impacts AI can have. While in the vertical one, policymakers take a bespoke approach, creating different regulations to target various applications or types of AI.

Recently, the European Union (EU) approved the AI Act which has tilted towards the horizontal approach. Risk is the cornerstone of the AI Act and application of AI is categorised into four risk categories: unacceptable risk, high risk, restricted risk, and minimum or no risk. Unacceptable risk applications are banned outright. Developers of high risk AI will have to comply with rigorous risk assessment and make the data available to authorities for scrutiny.

Interestingly, shortly before the approval of the AI Act, generative AI products were launched and they became hugely popular amongst users. The EU lawmakers introduced another category — General-Purpose AI System — to cover AI with more than one application with varying degree of risk such as ChatGPT.

Indian initiatives

Realising the immense potential that AI holds, NITI Aayog had issued the National Strategy for Artificial Intelligence in 2018 which had a chapter dedicated to responsible AI. In 2021, NITI Aayog issued a paper, 'Principle of Responsible AI'. Seven broad principles were enumerated — equality, safety and reliability, inclusivity and non-discrimination, transparency, accountability, and privacy and reinforcement of positive human value. Due to absence of an overarching regulatory framework for the use of AI system in India, certain sector-specific frameworks were issued — namely, in June 2023, the Indian Council of Medical Research had issued ethical guideline for AI in biomedical research and healthcare; and in January 2019, SEBI issued a circular for creating an inventory in AI systems in the capital market and guide future policies. Under the National Education Policy 2020, AI awareness has been recommended to be included in school courses.

Initially there was hesitation to regulate AI. In April, the Minister for Railways, IT and Telecom said in Parliament that the government was not considering any law to regulate the growth of AI in India but recognised the risk associated with it. Subsequently, in July, TRAI issued a comprehensive consultation paper, where it recommended, among other things, setting up a domestic statutory authority to regulate AI through the lens of a “risk-based framework” and constitution of an advisory body with members from multiple government departments, academia and experts.

During the B20 meeting in August, Prime Minister Narendra Modi emphasised on a global framework on expansion of “ethical” AI. This implies establishment of a regulatory body to oversee the responsible use of AI, akin to international bodies for nuclear non-proliferation. Even in the recently concluded G20 meeting, the Prime Minister suggested international collaboration to come out with framework for responsible human-centric AI.

As India progresses on the path of AI-driven growth, it needs to strike a correct balance between regulation and cutting-edge innovation. India should have AI guardrails which will empower different stakeholders to collaborate and come out with principles which promote innovation while recognising ethical considerations, privacy concerns and biases.

<https://www.thehindubusinessline.com/opinion/fixing-ai-regulation/article67349898.ece>

13. AP fibernet scam caused loss of ₹114 cr to state exchequer: Min
(*hindustantimes.com*) Sep 27, 2023

The Andhra Pradesh state industries and information technology minister Gudivada Amarnath on Tuesday said the AP Fibernet project taken up by the previous Telugu Desam Party (TDP) regime headed by N Chandrababu Naidu was in gross violation of the rules and had caused a loss of ₹114 crore to the state exchequer.

Making a statement as part of a short discussion on ‘AP Fibernet scam in the state’ in the state legislative assembly, Amarnath alleged that the then Naidu government had manipulated the tender process to award the phase-I of the project worth ₹330 crore to Tera Software Limited, which was a blacklisted company.

“The project, aimed at providing high-speed internet, television and telephonic service from a single broadband connection at a nominal cost was awarded to Tera Software Limited, a company blacklisted by the Infrastructure Corporation of Andhra Pradesh Limited [INCAP] for non-compliance of electronic point of sale [EPOS] and was barred from participating in any APTS tenders,” he said.

Amarnath pointed out that Naidu had got the blacklisting against the firm revoked for reasons known to him. “An officer of the industries and infrastructure corporation who opposed the company was transferred and those who favoured his decision were posted,” he alleged.

The minister pointed out that one Vemuri Harikrishna Prasad, who looked after the tender evaluation committee for the Fibernet project was also a director in Tera Cloud Media Limited, floated and promoted by Tera Software, which eventually cornered the project.

The directors of Tera Software were also directors in the firms linked to Naidu’s family-owned Heritage Group, the minister further alleged.

He said the deviations committed at the time of the execution of the AP Fiber Net project phase-I had caused a revenue loss of ₹114 crore to the government exchequer.

Meanwhile, the TDP described the minister’s statement in the assembly on AP Fibernet issue was nothing but a misinformation campaign against Naidu.

TDP spokesman and MLC P Ashok Babu said providing cable TV connection, internet and telephone connection for every household at just for ₹149 per month was a technical revolution in the country.

He said Naidu had taken up the project by making use of the electric poles to give cable connections to every household and the entire project was completed at cost of a mere ₹330 crore. He said a high-power committee under the supervision of senior officer Ajay Jain had been constituted and under the directions of this panel, the project implementation was handed over to Tera Soft, he explained.
<https://www.hindustantimes.com/india-news/ap-fibernet-scam-caused-loss-of-114-cr-to-state-exchequer-min-101695756500079.html>

14. Telangana MLAs barely spent 40% of development funds (*timesofindia.indiatimes.com*) 27 Sep 2023

HYDERABAD: In a stark testimony of poor utilisation of constituency development funds (CDF) by MLAs and MLCs in the state, only Rs 1,641 crore of the Rs 4,150 crore sanctioned by the government since 2014 has been spent. Consequently, as many as 17,683 projects with an outlay of Rs 611 crore are still in limbo, according to planning department officials.

While the government grants Rs 5 crore to each MLA and MLC under CDF, sources attributed the poor execution to dilly-dallying by politicians and contractors' preference for only certain type of work such as roads, pipelines etc., where they can rake in more moolah.

"Projects worth Rs 105 crore in 2018-19, Rs 195 crore in 2021-22 and Rs 161 crore in 2022-23 are yet to take off.

Another Rs 11 crore pertaining to 2014-15 financial year is still unspent," a source said.

CDF works hit as MLAs, contractors play truant

Squarely blaming MLAs and MLCs, officials said a majority of the work could not be completed as the legislators submitted their proposals only at the end of the financial year in March even though it had to be approved by respective district in-charge minister.

"Many fail to submit their proposals in time and do not ensure that the contractors complete the work," a senior official said. The elected representatives can propose work for drinking water and drainage pipelines, public healthcare buildings, school buildings, tanks, CC roads, CCTVs, Haritha Haram, Palle Pragati-Pattana Pragati and streetlights. Of the total amount granted, 40% has to be spent on green campaign and some on development of SC and ST colonies, an official said.

"But often the recommendations of MLAs/MLCs in their proposals are not in line with government guidelines. For instance, community buildings is something which the minister or collector cannot sanction. Yet they issue letters to the collectors succumbing to pressures of local leaders," the official said. As a result, while the government has sanctioned thousands of crores, very little progress has been made, an official said.
<https://timesofindia.indiatimes.com/city/hyderabad/mlas-barely-spent-40-of-devpt-funds/articleshow/103974312.cms?from=mdr>