

NEWS ITEMS ON CAG /AUDIT REPORTS

1. Improving data quality a prerequisite for regulating states' off-budget borrowing (*moneycontrol.com*) Sep 27, 2023

If such data were to become available, markets could more effectively reward or punish governments at the Centre and states for their borrowing behaviours

A recent Comptroller and Auditor General (CAG) report on the financial audit of the Union government accounts noted that some of the bookkeeping practices of the government were not in line with transparency and disclosure requirements under its own laws. Among good fiscal reporting practices that can fill data gaps, coverage, timeliness, quality and integrity of data are widely accepted ones. Off-budget borrowing is a major data gap that needs to be addressed. The CAG is reportedly planning to publish fiscal sustainability report cards for each state, which would also include details regarding their off-budget liabilities. These are borrowings by public sector companies, special purpose vehicles and other such instruments where the principal and/or interest is to be serviced out of the government budget. The CAG's plan comes amidst growing concern over state finances.

Recent assessments suggest that with rising committed expenditure, states should focus on increasing revenues and re-examining spending plans to avoid further fiscal strain. This is without even considering the strain caused by off-budget borrowings that they rely on to fund some of their expenditures. The lack of complete data makes it impossible to understand the full extent of such borrowings. While the Centre has been publishing a statement of extra-budgetary resources in recent budgets, states do not typically release comparable information.

Article 293(3) of the Constitution requires that every state that is indebted to the Centre beyond a specified limit take the latter's consent before additional borrowing. The Centre can impose a net borrowing ceiling for each state. In March 2022, the Centre decided to include off-budget borrowings made by states as states' own borrowings. This reduced the additional borrowing capacity of states as the net borrowing ceiling was not changed. It effectively imposed a sudden, hard central limit on total state borrowings, which the states complained constrained their developmental activities.

Breaching Debt Limits

While the states' concerns are understandable, even prior to this decision, they were effectively violating the debt limits imposed by their own fiscal rules, and also those imposed by the Centre via Article 293(3). While debt used responsibly can help governments achieve their developmental objectives, excess borrowings can potentially bankrupt a government. Off-budget borrowing essentially defers spending and leaves it to the future, without accounting for it as debt in the present. This puts a part of government debt beyond the scrutiny of markets, lenders and citizens, and allows governments – Centre as well as state – to circumvent statutory and constitutional debt limits.

The fiscal deficit limit for most states is currently fixed at around 3 percent of the GSDP. Most states breach this limit without even accounting for their off-budget borrowings. For instance, Telangana's gross fiscal deficit ratio stood at 4.1 percent at

the end of FY22. The Centre's recent efforts to bring out the states' off-budget numbers is a necessary first step. However, it raises questions about the completeness of the move.

In order to enforce its newly expanded definition of state borrowings, the Centre rightly asked states to provide information regarding their off-budget borrowings. Presumably, this means that the Centre now has access to states' off-budget numbers, but it has not released these numbers in the public domain. Even though some degree of regulation over subnational off-budget borrowings has been achieved, the benefits of full transparency and the wider scrutiny that such a measure would have entailed are not there yet. Therefore, we find certain states like Telangana, Andhra Pradesh, and Kerala attracting all the attention. Whether this is because these states are the highest off-budget borrowers or the ones about which more information is available is difficult to say.

Reform Public Finance Management

While the Centre's attempt to regulate sub-national off-budget borrowing has been praised, the effects of disclosure could be conditionally phased. For example, post-pandemic expenditures have impacted the fiscal health of states. In such a situation, fully subsuming off-budget borrowings in the overall state debt, without any temporary and conditional relaxing of the net borrowing ceilings, might force states to cut spending in critical areas.

Without adequate data, it is hard to gauge the full extent of off-budget borrowing. There is a need for wide-ranging public financial management reforms, as we elaborate upon in our working paper 'An analysis of off-budget borrowings by Indian governments and their legal context'. If such data were to become available, markets could more effectively reward or punish governments at the Centre and states for their borrowing behaviours. Citizens can use this information as well to evaluate government performance and vote accordingly. The ongoing debate on freebies demonstrates popular interest in fiscal affairs. <https://www.moneycontrol.com/news/opinion/improving-data-quality-a-prerequisite-for-regulating-states-off-budget-borrowing-11435501.html>

2. CBI probes 'irregularities' in renovation of Delhi CM's official residence (*indianexpress.com*) September 28, 2023

THE CENTRAL Bureau of Investigation (CBI) has registered a Preliminary Enquiry in connection with alleged irregularities in the construction and renovation of Delhi Chief Minister Arvind Kejriwal's new official residence in Civil Lines.

On Tuesday, the CBI sent a letter to the Delhi government's PWD department, asking it to provide all documents related to the work at the CM's residence, including recommendation, approval and request from the "client" to execute "work of super specification" such as modular kitchen, marble flooring and ornamental work.

A Preliminary Enquiry is a statutory verification of allegations by the investigating agency, based on which a decision to file an FIR is taken.

This comes months after the Ministry of Home Affairs (MHA) asked the Comptroller and Auditor General of India (CAG) to conduct a special audit into the alleged irregularities and violations in the reconstruction of the official CM bungalow.

L-G House officials said the MHA had asked for the audit after taking note of a May 24 letter received from the L-G Secretariat pointing out “gross and prima facie financial irregularities” in the reconstruction of the CM’s official residence in the name of “addition/alteration” recorded in a “factual report” on the matter.

The Aam Aadmi Party called the CBI move an attempt by the BJP to corner Kejriwal. “We welcome the enquiry. As with all earlier enquiries in all other matters so far, nothing will come out in this. It is a desperate attempt by the BJP to malign AAP... So far, more than 50 cases have been filed against him (Kejriwal), and investigations have been carried out. Nothing was found in any of them. Nothing will be found in this either. No matter how many investigations the BJP conducts, Arvind Kejriwal will continue to fight for the welfare of the common people,” it said.

In a letter to the PWD’s Chief Engineer (Flyover), the CBI investigation officer sought by October 3 certified copies of all documents related to the allegations of irregularities and misconduct.

The letter also sought records of “bids submitted by the bidder in respect of addition/alteration in the residence of CM, proposal submitted by the client regarding addition/alteration, including extra work in the CM’s residence, approval of the building plan by the competent authority regarding addition/alteration in the CM’s residence, request from the client for executing work of superior specification including modular kitchen, marble flooring, superior wooden wardrobe, interior artistic work and ornamental work etc”.

The CBI also asked the PWD Chief Engineer to provide relevant CPWD guidelines regarding “super specification and quality of the items, including civil and electrical, to be used”.

The PWD has been asked to provide guidelines “for award of additional work to the contractor in running contract and mechanism to decide prices of such items, and guidelines regarding deviation in approved scope of work while enhanced work portion to be added in the running work”.

The CBI has sought documents showing that the CM’s residence is a load-bearing structure.

The CBI has also asked for documents of payments made to the consultant, award of contract along with guidelines, payments made to the contractor and “any other document relevant to the said construction”.

Earlier, a report on the alleged irregularities in the reconstruction of the CM’s official residence was prepared by the Chief Secretary, which alleged that mandatory sanction of building plans as per applicable building bylaws was not taken before work was started.

The report also noted that the initial cost for construction work was between Rs 15 crore to Rs 20 crore but this was “inflated from time-to-time” to the extent of approximately Rs 53 crore. It also cited violations of the MPD-2021 and violations related to environmental norms among others. <https://indianexpress.com/article/cities/delhi/cbi-probes-irregularities-in-renovation-of-kejriwals-residence-8959296/lite/>

STATES NEWS ITEMS

3. Role, functions of check-gates not defined: CAG *(themeghalayan.com)* September 29, 2023

Fifty-eight check-gates have been established in the state for regulating and control of export of minor minerals and other forest produce.

SHILLONG: There was incorrect information on the number of vehicles passing through the check-gates established by the forest department to check illegal transportation of minor minerals and other forest produce.

Fifty-eight check-gates have been established in the state for regulating and control of export of minor minerals and other forest produce.

According to the report of the Comptroller and Auditor General of India (CAG), Audit has noticed that the department has not prescribed any norms/guidelines regarding the role and functions of the check-gates/ checkpoints under its control.

No guidelines/SOP was issued either at the department or directorate level in maintenance of registers at the check-gate, submission of check-gate data to the higher authorities, deployment of staff and reconciliation process of data/information as to the number of vehicles passing through the check-gates with other Departments/agencies like Land Customs Station (LCS).

The report said as per monthly returns furnished to the Range Forest Office, Byrnihat by the check gate in-charge during the year 2020-21, 9,778 vehicles carrying minor minerals had passed through four check-gates viz., Killing, Maikhuli, Barapathar and 9th Mile Check-gates under DFO (T), Shillong and 4,268 vehicles passed through one check gate (Dhanua check-gate) under DFO (T), Tura during 2019-2 1.

However, as per information furnished (January 2022) by the two DFOs (T), the number of vehicles carrying minor minerals and those passing through these check-gates did not match, it said while adding that “a total of 14,046 vehicles had actually passed through the five check-gates, however, as per records of the two DFOs only 18 vehicles had passed through these check-gates.”

The department stated in March, this year that the number of vehicles passing through the check-gate is based on the information/records submitted by the concerned RFO and as such the number of vehicles as per the RFO records should be considered.

The CAG said that the reply of the Department indicated that there was no system of information exchange between the RFOs and the DFOs concerned. Moreover, it also shows that the DFOs (T) did not have any system to verify the actual number of vehicles

passing the check-gates with the number of transport challans issued by the office of DFOs (T). <https://themeghalayan.com/role-functions-of-check-gates-not-defined-cag/>

4. CAG finding on weighbridges: HC gives state three-weeks time to furnish relevant extract from report (*themeghalayan.com*) September 28, 2023

The CAG, in its report tabled in the just-concluded autumn session, had stated that the Transport department had failed to realise revenue amounting to Rs 23.75 crore.

SHILLONG: The Meghalaya High Court on Wednesday directed the state to furnish the report of the Comptroller and Auditor General (CAG) into the anomalies in the functioning of weighbridges in the state leading to failure to arrest overladen vehicles.

Hearing a PIL, the division bench said, “Despite the State referring to an order dated August 23, 2023 passed in PIL No. 1 of 2022, it appears that serious anomalies in the functioning of weighbridges in the State and the abject failure to arrest overladen vehicles have been pointed out in a recent report by the Comptroller and Auditor General.”

It said in view of the matter, the petitioner is given liberty to ascertain and indicate the deficiencies on the part of the State when the matter appears next three weeks hence.

“The State will also furnish the relevant extract from the CAG’s report,” the bench said.

The CAG, in its report tabled in the just-concluded autumn session, had stated that the Transport department had failed to realise revenue amounting to Rs 23.75 crore.

This was due to the failure of the Commissioner of Transport to enforce compliance of terms and conditions of contract agreement for setting up of integrated check-gate-cum-weighbridge and absence of monitoring on the functioning of the weighbridges. <https://themeghalayan.com/cag-finding-on-weighbridges-hc-gives-state-three-weeks-time-to-furnish-relevant-extract-from-report/>

5. CAG moots action against erring Forest dept officials (*themeghalayan.com*) September 28, 2023

In Meghalaya, no mining lease/quarry permits were granted for extraction of sand in the State.

SHILLONG: The Comptroller and Auditor General of India (CAG) has recommended the state government to take action against erring Forest department officials for failing to detect illegal mining activities in the state.

“Government may fix responsibility of the erring forest department officials for their failure to detect illegal mining activities,” said the CAG in its report on revenue sector for the year ended March 31, 2022.

In Meghalaya, no mining lease/quarry permits were granted for extraction of sand in the State.

However, 5.35 lakh cu.m of sand had been utilised by contractors engaged by 26 user agencies under the three selected DFOs (T) during the period from April 2016 to March 2021, for which no royalty was realised.

Audit further observed that neither the contractors nor the user agencies could ascertain the source of the sand.

“Despite the fact that no mining leases was granted for sand in the State and that sand is an integral component/material for all civil works, the Department did not take any action to trace out the persons involved in illegal mining of sand and to levy penalty as per the provision of MMMC Rules, 2016,” the report said.

On this being pointed out, the department stated in March 2023, that though sand is being treated as a minor mineral under Section III of MMMC Rules, 2016, yet, the same Rules (Rule 4(1) & 4.2(c)) prohibits granting of mining leases for sand mining from river bed/river bank and agricultural fields located within the vicinity of 50 meters from the water bodies/agricultural fields.

The department, however, further stated that Rule 4 of MMMCR, 2016 has been amended in July 2022, which provides that the restrictions mentioned under the rule shall no more apply to river bed sand mining and river bed mining.

Illegal mining detected during joint site inspection

For joint physical verification (JPV), Audit had selected 32 mining sites. During JPV of the selected mining sites, Audit came across mining activities, in areas where mining lease have not been granted by the Department.

The report said the audit findings are based on random site visits during JPV and did not present an exhaustive picture adding “Thus, existence of more illegal mining activities in other areas/Divisions could not be ruled out.”

The department stated in March 2023 that for all illegal mining activities in East Khasi Hills and Ri Bhoi districts, the DFOs have served closure notices and for cases detected during JPV in Jaintia Hills, the illegal mining was being done in areas of abandoned mines.

“The department’s reply is not acceptable as the department failed to invoke the provision of punitive action prescribed under Rule 36 of MMMCR 2016 to immediately stop the illegal mining activities even after being pointed out in Audit,” the CAG said while adding that besides, the department’s reply that illegal mining detected in Jaintia Hills during JPV were in areas of abandoned mines, is unacceptable as MMMCR 2016 did not permit mining activities in areas of abandoned mines.

Illegal mining detected by the department

The CAG said that scrutiny of records of the three selected DFOs revealed that during the period from 2017-18 to 2020-21, the department had detected 631 illegal mining operations.

It said that 372 out of 631 illegal mining activities (59 per cent) had been detected under DFO (T), Shillong, followed by DFO(T), Tura and DFO, Jowai with 211 (33 per cent) and 48 (eight per cent) respectively.

“It can also be seen that despite being aware of the existence of illegal mining activities, the department failed to take any action in 420 illegal mining cases. This indicates a lacklustre attitude of the Department in discharging their mandatory responsibility,” it said.

“There were 123 legal mining in the state as of March 2021 and 111 legal mines in the selected DFOs. Thus, the above finding reflects that there are activities of illegal mining more than legal mining in the state,” it added.

Meanwhile, the department had stated that for all illegal mining activities in East Khasi Hills and Ri Bhoi districts, the DFO has served closure notices. With regard to illegal mining operation of quarry/stone crusher in Jaintia Hills, no action has been taken in 18 cases since the accused are unknown and some of the areas where the minerals were seized have already been compounded. With regard to illegal quarries in Garo Hills, the DFO Tura has closed down the quarries. <https://themeghalayan.com/cag-moots-action-against-erring-forest-dept-officials/>

6. CAG reports taken very seriously’ (*highlandpost.com*) September 28, 2023

Meghalaya: Annual reports by the Comptroller and Auditor General (CAG) listing its concerns as to financial practices are always taken very seriously, cabinet minister Paul Lyngdoh said today.

The state government has come in for criticism in recent days after the CAG said that Meghalaya has a poor record when it comes to replying to audit concerns, going back decades.

A whopping 3,639 paragraphs are yet to be replied to by the various departments of the state over a period of 33 years.

The CAG report on Social and Economic Sectors for the year ended 31 March 2022 pointed out that “analysis of the position of outstanding paragraphs showed that 3,639 paragraphs relating to the period from 1988-89 to March 2022 were outstanding.”

Out of this 1,789 paragraphs are more than five years old. The report said that out of the total 3,639 outstanding paragraphs pertaining to 700 Inspection Reports (IR), the CAG was yet to get even the first reply against 792 paragraphs pertaining to 116 IRs from the audited departments.

“The CAG report has always been taken very seriously by the state government,” Lyngdoh said on the sidelines of a programme today. “And I say this with authority because I was a member and then a chairman of the PAC (Public Accounts Committee, an oversight arm of the Assembly) and the PAC is supposed to be a mini-Assembly.”

The minister promised that whichever department that has had irregularities listed by the CAG will be “looked at with the seriousness it deserves”. Of recent concern to the CAG has been the Power Department in its implementation of the Saubhagya scheme where contractors were said to have benefited unduly by crores of rupees.

Meanwhile, Lyngdoh concluded by reminding the reporters that the CAG report tabled this year is for prior years when he was not in the government. <https://highlandpost.com/cag-reports-taken-very-seriously/>

7. CAG finds severe shortfall in industrial inspections in Vizag (*timesofindia.indiatimes.com*) Sep 28, 2023

Visakhapatnam: The recent compliance audit report of the comptroller and auditor general (CAG) of India highlighted a severe shortfall in the industrial inspections by the Andhra Pradesh Pollution Control Board (APPCB) in the Visakhapatnam region. As per the report tabled in the assembly on September 25, about 1,350 inspections were required to be done for the year 2019-20. But the actual number of inspections conducted during this period stood at 243 (around 18 per cent). Acute shortage of technical and scientific staff in the APPCB had led to the shortfall in mandatory inspections.

For instance, it is mandatory to conduct four inspections a year for the industries under the red category. The report observed that the requisite number of inspections were not conducted even for the red category units. There were 882 industries in Visakhapatnam as of March 2020, including 386 red category, 319 orange category, and 171 green category industries.

Visakhapatnam has witnessed several industrial accidents in recent years. In some cases, the industries were found to have insufficient preventive measures and infrastructure to handle these mishaps. Lack of regular maintenance and posting of unqualified people was found as the reason in some cases. In these circumstances, regular inspections play a crucial role in identifying the loopholes and preventing the mishaps

“Reply of the government is not acceptable as the failure to conduct regular inspections, as laid down in the rules, resulted in industries taking advantage of the same and illegally discharging effluents/hazardous gas emissions into the open and causing damage to the environment with severe consequences for living beings,” read the report.

According to the report, the AP Pollution Control Board was working with less than 50 per cent of the sanctioned strength as of June 2021.

Penalty was not levied even in a single case though there have been cases of considerable delay in submission of application for renewal of consent for operation. About 70 out of the 876 industries were operating without valid consents (as on November 2020) in Visakhapatnam. The

The AP government in August 2016 issued comprehensive guidelines on outsourcing of functions and functionaries. In the guidelines, it was stated that core functions of the

APPCB should not be outsourced and should be carried out by the regular employees. The CAG report noticed that the APPCB zonal office in Visakhapatnam had outsourced the core functions of assistant environmental engineers (7 posts), analysts (19 posts), and fieldsman/field assistant (41 posts) during 2017-19, in excess of sanctioned posts, contrary to the government orders. <https://timesofindia.indiatimes.com/city/visakhapatnam/cag-finds-severe-shortfall-in-industrial-inspections-in-vizag/articleshow/104003496.cms?from=mdr>

8. Mines dept has no mechanism to check grade of ore: Report (*timesofindia.indiatimes.com*) Sep 28, 2023

Panaji: The natural resource account report for Goa has stated that the directorate of mines and geology has no mechanism to cross-check the grades of mines declared by the lessees, and that the declaration of an incorrect grade may impact royalty revenue to the state government.

“The lessees, based on their own assessment of quality of ore, declared the percentage of lumps and fines in ore and paid royalty at applicable IBM rates for the declared grade of the ore,” the report for the year 2020-21 stated. “There was no system for counter-checking the correctness of such declarations made by the lessees.”

The report is an initiative of the government accounting standards advisory board, under the aegis of the Comptroller and Auditor General of India (CAG).

The report added that as the onus of declaring the grade of the ore is on the lessees and they remit royalty accordingly, an incorrect declaration may impact revenue to the government.

Referring to mismatches between figures of royalty received, the report said, “It was observed that the amount of royalty received during the year 2020-21 of over Rs 73 crore in respect of major minerals as furnished by the directorate differed from the amount of royalty of over Rs 95 crore as reflected in their own data maintained/furnished, (which) in turn differed from the amount of royalty received of Rs 100 crore as per the records of the directorate of accounts (DoA).

“As per the directorate of mines and geology reply, the difference in amount was due to transfer entries and inclusion of certain receipts actually realised in April but accounted for in March as per date of cheques deposited, and entries of transfer by book adjustment by other departments. This was due to the absence of a proper software for accounting/recording of all receipts on cash basis as followed in government accounts, avoiding duplicate/incorrect entries, and showing non-realised cheques in the closing month as amounts pending realisation,” report said.

“This, however, indicates the need for the DMG to have a system where real-time/up-to-date data of the correct value of receipts as per the DoA’s database is available,” the report said.

The report also said that an attempt was made to match/check the correctness of the data furnished with original records. Original records maintained at the directorate such as register of issuance of transit passes, register of applications received for

grant/renewal of quarrying leases, and lease deeds were examined. <https://timesofindia.indiatimes.com/city/goa/mines-dept-has-no-mechanism-to-check-grade-of-ore-report/articleshow/103998650.cms?from=mdr>

9. Flood damage highlights ‘uncontrolled’ sand mining in northern India (*eco-business.com*) 29 September 2023

The states of Uttarakhand and Himachal Pradesh suffered severe damage from floods this monsoon, which has highlighted the effects of illegal sand mining in their river basins.

When a spike of rainfall hit the Indian state of Uttarakhand from early July to late August 2023, the town of Kotdwar experienced a series of disasters. Four rivers – the Khoh, Sukhro, Malan and Paniyali – flow through the town. As the rivers flooded, a bridge over the Malan collapsed on 13 July, as did a bridge over the Paniyali on 28 July. Then on 8 August, the approach road to the bridge over the Khoh broke apart. Many houses, small bridges, roads, and security walls were damaged as the rivers surged.

Across the state of Uttarakhand, almost 100 people were killed in disasters between 15 June and 15 September, with 1,100 landslides recorded in the state in 2023 so far – the highest in eight years.

Dharamveer Prajapati, a resident of Kotdwar, stands in front of a house that was half washed away in the floods. “There was a cloudburst on 8 August and again on 13 August. The water moved forward destroying everything that came its way,” he says, pointing to the Khoh River. “At least 40-45 houses were destroyed. Now, it doesn’t seem as if any house existed here.”

Role of illegal sand mining highlighted

Part of the reason for the significant destruction seen in Kotdwar was the record rainfall which drove the rivers to flood. But Uttarakhand’s rivers have long been plagued by illegal sand mining.

In July, a video went viral in which Ritu Khanduri Bhushan, speaker and representative for Kotdwar in the Uttarakhand Legislative Assembly, criticised a senior state bureaucrat over ignoring the condition of bridges, and went on to mention khandan [mining] in this regard.

The mining of sand and boulders from river beds, mostly for production of cement, has the effect of the deepening the river channel and increasing the speed of water flowing through it. This increased flow can lead to more erosion of river banks, and more damage to structures in floods. In 2012, after a case was heard in India’s Supreme Court against the destructive effects of sand mining in the country’s rivers, the Ministry of Mines framed guidelines for sand mining. Recent reporting reveals that the state of Uttarakhand has lobbied for loosening such restrictions over the last few years, and ignored the rules.

Illegal sand mining is a major issue, not only in the plains but also in the rivers in the hilly areas of the Himalayan states. We do not see tractors being used in farming in the mountains but tractors keep roaming on the banks of rivers for mining. -Kulbhushan Upmanyu, president, Himalaya Niti Abhiyan

Speaking to The Third Pole, Bhushan says: “We have continuously raised the issue of illegal mining in Kotdwar. Uncontrolled mining was carried out in Malan, Sukhro and River Khoh. Mining should happen in rivers but we have to understand the way we are doing it.”

According to Prajapati, illegal mining takes place in the Khoh in the day and at night. “Due to mining, small and big bridges broke at many places. Bridges on River Sukhro and River Malan were also damaged due to the same reason,” he says.

In August, the Uttarakhand High Court ordered a stop to mining activities in the Malan, Sukhro and Khoh rivers in Kotdwar, while hearing a public interest litigation case regarding bridge breakages due to illegal mining.

Government’s own reports cite problems

A 2015 environmental assessment report on sand mining in the Malan by the Uttarakhand Forest Development Corporation, a state government body, specifically mentioned erosion and floods as outcomes of irregular sand mining in the river basin. While there are supposed to be rules in place pertaining to river dredging and river training, these have been flouted, according to Mujeeb Naithani, a right to information (RTI) activist based in Kotdwar.

Speaking to The Third Pole, he says: “Under the garb of river training, we see illegal mining happening here. In Kotdwar, initially, the banks of the river were weakened by digging. At some places in the river, excavation was done to a depth of 6 metres [when it is only allowed up to 3 metres]. If there was river training, the water would have moved straight ahead and it would have taken a lot of time to [erode] one-fourth of the river banks. But there were no shores left. That is why erosion took place up till houses and other infrastructure.”

Mujeeb shared copies of letters written by the Uttarakhand Irrigation Department in 2020 in which illegal mining is confirmed to be occurring in Kotdwar’s rivers, and the risk of security walls around the river being breached during the rainy season is also noted.

In Uttarakhand, the problem of illegal sand mining is not restricted to Kotdwar. A damning report on illegal sand mining by the Comptroller and Auditor General of India (CAG) was tabled in the Uttarakhand Assembly this year. It states bluntly that, “All Government agencies like Geology and Mining Unit, District Collector, Police Department, Forest Department and Project proponent and Garhwal Mandal Vikas Nigam Ltd. collectively failed to prevent and detect illegal mining.” It added that the government of Uttarakhand had “failed to implement Government of India’s initiative called Mining Surveillance System for over five years,” and that the state government had itself used 3.7 million tonnes of “illegal mined material” in the state capital, Dehradun.

Kulbhushan Upmanyu, an environmentalist and president of civil society organisation Himalaya Niti Abhiyan says: “Illegal sand mining is a major issue, not only in the plains but also in the rivers in the hilly areas of the Himalayan states. We do not see tractors being used in farming in the mountains but tractors keep roaming on the banks of rivers

for mining. This has become a lucrative business because there is no investment in [dealing with] it. The government also does not take any strict actions.”

The CAG report tabled in the Uttarakhand Legislative Assembly points out that many fines for illegal activity have simply not been collected. “The [Industrial Development] Department, therefore, suffered revenue loss of INR 1.24 crore due to not imposing the required penalty on illegal mining/storage,” it says.

Sand mining and destructive floods in Himachal Pradesh

The neighbouring state of Himachal Pradesh was even worse hit than Uttarakhand in recent floods. The state government has estimated the damage caused by catastrophic rainfall between 24 June and 31 August 2023 at INR 120 billion (USD 1.44 billion), with more than 360 people killed.

Increased water levels in the Beas River caused floods in Kullu, Mandi, Hamirpur districts in Himachal Pradesh, and downstream in the neighbouring state of Punjab. There have been complaints of illegal mining in the Beas which leading the river to change its course, causing floods. Nearly 12,000 villages in 20 districts across Punjab and 65 lives were lost in the floods. Authorities have largely focused on encroachment on the riverbed as the main reason for the scale of the disaster.

Vikramaditya Singh, minister of public works in the Himachal Pradesh state government, tells The Third Pole: “Along with heavy rains in the state, the condition of the rivers also deteriorated due to illegal mining. This is also an important reason for the suffered loss. The erosion increased because the banks were damaged and the river changed its course. Taking a lesson from these incidents, on August 23, we have stopped all the stone crushers running on Beas and its tributaries. We will also take similar action against crushers operating on other rivers.”

Anil Kumar, an expert in riverine processes, paleo hydrology and sedimentology at the Wadia Institute of Himalayan Geology in Dehradun, Uttarakhand, saw the floods in the Beas River in person in August. He says that floods reached a height of 8-9 metres near Pandoh Dam in Mandi District.

“Due to mining, huge pits are often formed in the riverbed. When suddenly strong waves of water arrive, the flow is obstructed, resulting into an accumulation of energy,” Kumar tells The Third Pole. “At that mining point, the river changes the direction of flow. This is when erosion takes place.”

Kumar says more research is needed into the effects of sand mining on Himalayan rivers. But so far, the problem looks set to continue. In late August in Kodtwar, tractors were still queuing along the broken approach road to the bridge, with boulders brought from the river lying next to them. Mules, used to transport the mined material away, were standing nearby.

<https://www.eco-business.com/news/flood-damage-highlights-uncontrolled-sand-mining-in-northern-india/>

10. House nod to Odisha Land Reforms Act amendment (*newindianexpress.com*) 28 September 2023

BHUBANESWAR: The Assembly on Wednesday gave its nod to the amendment in the Odisha Land Reforms Act, 1960, meant to bring in greater uniformity and transparency in fixing fees for the conversion of agricultural land for non-agricultural purposes.

After the amendment of the Principal Act, the conversion fee will be one per cent of the market value of the land. Piloting the Bill, Revenue and Disaster Management Minister Sudam Marndi said section 8-A of the OLR Act prescribes different rates of conversion fees for the use of agricultural land for non-agriculture purposes on the basis of the location of the land.

For land located within municipal corporations, municipality areas or areas within one-half km on either side of the national highways, it prescribes the rate at Rs 3 lakh per acre. The minister said the conversion fee for land in any area within one-fourth km on either side of state highways is Rs 1 lakh per acre while in notified area council (NAC) or notified urban areas, the rate is Rs 75,000 per acre.

In areas covered by development plans, the rate is Rs 30,000 per acre, whereas it is five per cent of the market value in places not covered under the aforementioned areas. There is a lack of transparency on the matter among field functionaries, he added.

The Accountant General, Odisha in 2021 observed that in the periphery of urban areas and rural areas having semi-urban growth, people are paying more premium as compared to urban areas. In areas under development authorities, conversion charges are collected at a rate of Rs 30,000 per acre only. The rate for urban areas, fixed in 2006 is on the lower side, as compared to rural areas, the minister said.

“In order to maintain uniformity and transparency in fixing conversion fees, it is proposed to amend the sub-section-2 of section 8-A of OLR Act, 1960 by proposing one per cent of the market value as the fee for conversion of land from agriculture to non-agriculture purpose,” Marndi said.

Another Bill introduced by the minister on Tuesday to amend the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (RFCTLAR&R), 2013 was also passed in the House. The Bill proposes to do away with the practice of holding social impact assessments before land acquisition for certain categories of projects. As per the amended provision of the Act, consent for the acquisition of land for some listed projects will not be required except in scheduled areas.

Describing the amendment for the right to fair compensation as progressive legislation, the minister said it is targeted to expedite the process of land acquisition by exempting certain projects from social impact assessment studies and public purpose.
<https://www.newindianexpress.com/states/odisha/2023/sep/28/house-nod-to-odisha-land-reforms-act-amendment-2618967.html>

11. Minister highlights anomalies in Amaravati Inner Ring Road alignment (newindianexpress.com) 28 September 2023

VIJAYAWADA: Describing TDP chief N Chandrababu Naidu as a master cheat, who can hoodwink anyone with his grandiose plans and schemes, but the ulterior motive always being self-serving, Minister for Municipal Administration and Urban Development Audimulapu Suresh said the Amaravati Inner Ring Road (IRR) alignment case was one of the long list of Naidu's scams over years.

During a short discussion on 'Inner Ring Road Alignment Irregularities' in the Legislative Assembly on Wednesday, he countered the claims of TDP that not a single rupee was spent on the project. "As per the CAG report, APCRDA hired three consultancies at a contract value of Rs 28.96 crore on a nomination basis without following the due procedure of tendering and competitive bidding, which is mandatory as per the rules of APCRDA for preparing a master plan and the IRR is part of it," he said.

Giving a PowerPoint presentation, he asserted that the master plan was modified and the IRR alignment was changed to either benefit those close to Naidu, who had purchased lands in the Amaravati region by ensuring that the land value goes up or to save their lands from getting acquired.

"STUP consultants, based in Chennai, had given three plans for the IRR, one was for 94.5 km, which cost Rs 2,100 crore, the second was 97.4 km, which cost Rs 3,950 crore, and the third was 81 km cost Rs 3,030 crore. Officials recommended the first option, which was feasible, but Naidu and the then Municipal Administration Minister P Narayana, who were Chairman and Vice-Chairman of APCRDA, selected the second option, though they were informed that it was not feasible. The reason was to benefit Narayana, Heritage company and Lingamaneni group," he said and added that it was a clear case of breach of trust.

Suresh pointed out that lands in Amaravati were procured by Heritage, when Nara Lokesh was its director. Asserting that the issue of Lingamaneni group was a clear-cut case of quid pro quo, he explained how Narayana through his family members purchased lands.

Earlier starting the debate, former minister Perni Venkataramaiah (Nani) came down heavily on Naidu and Lokesh on the IRR scam. "The alignment of IRR was altered to benefit Heritage and Narayana-owned colleges. It was changed to pass through the lands belonging to Lingamaneni Ramesh, benefiting him greatly. Lokesh was with Heritage, when the lands in Amaravati were purchased by the company," he exposed. Revenue Minister D Prasada Rao said, "The records of assigned lands in Amaravati were destroyed and lands were taken by threatening poor." <https://www.newindianexpress.com/states/andhra-pradesh/2023/sep/28/minister-highlights-anomalies-in-amaravati-inner-ring-road-alignment-2618941.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

12. Retrospective tax demand on gaming firms legally untenable, say experts (*newindianexpress.com*) September 28, 2023

Experts highlight that the tax department seeks to collect GST amounts significantly higher than the total revenues earned by these companies, which appear legally inconsistent and arbitrary.

Legal experts are raising concerns about the demands placed on online gaming and gambling companies in India, totalling over Rs 1 lakh crore (1 trillion), for goods and services tax (GST).

They believe these notices may not withstand legal scrutiny due to several reasons including the retrospective nature of the tax demands.

Experts argue that demanding taxes for past periods raises doubts about the legality of such actions. Moreover, these demands are seen as disregarding the well-established legal distinction between games of skill and games of chance. This distinction has been recognized and upheld by Supreme Court and High Court judgments in the past.

Sudipta Bhattacharjee, a partner at Khaitan & Co, said affected gaming companies would challenge these notices in their jurisdictional high courts. He added that the entire legal basis of the demands appears to be questionable and in violation of previous court rulings.

The notices claim that players participating in games of skill for monetary stakes amount to gambling based on the presence of three elements: the stake, an element of uncertainty, and a higher reward. However, legal experts argue that this test would classify any tournament or competition involving entry fees and prize money as gambling, even if the games played are purely skill-based, such as chess or cricket.

Experts highlight that the tax department seeks to collect GST amounts significantly higher than the total revenues earned by these companies, which appear legally inconsistent and arbitrary. As per Bhattacharjee, the companies may face challenges and delays in navigating through the litigation process, which in turn, would affect their funding and operations.

“Companies in receipt of such notices based on recent amendments, pertaining to past periods, will have to challenge the retrospective demands at the outset before the High Courts. The GST council and GoM took more than 2 years to deliberate and clarify the issue. This indicates that the underlying issue is not of non-compliance or breach but arises on account of lack of clarity,” said Shashi Mathews, Partner, INDUSLAW. <https://www.newindianexpress.com/business/2023/sep/28/retrospective-tax-demand-on-gaming-firms-legally-untenable-say-experts-2618952.html>

13. Six infra projects worth Rs 52,000 Cr recommended for approval under the PM Gati Shakti initiative (*firstpost.com*) September 29, 2023

In the 56th Network Planning Group (NPG) meeting Thursday, six infrastructure projects of roads and railways worth Rs 52,000 crore have been recommended for approval under the PM Gati Shakti initiative, an official statement of the Ministry of Commerce and Industry said on Thursday.

With the development, the total number of projects assessed by NPG to 112 with a total value of about Rs 11.53 lakh crore, since the launch of PM Gati Shakti, it said.

The Ministry of Road Transport and Highway (MoRTH) presented four road projects worth about Rs 45000 crore to NPG and demonstrated adherence to GatiShakti principles, according to the statement.

The first project proposal is a greenfield road located in the State of Gujarat and Maharashtra, that will benefit not only industrial belts in Navsari, Nashik, and Ahmednagar districts but also the agriculture sector in the region, it said.

Additionally, the project is expected to contribute to the overall socio-economic development of tribal districts like Navsari, Valsad and Nashik by providing easy and convenient connectivity. It will also benefit the tourism sector in the region and will also connect aspirational districts, such as Osmanabad.

The second project is also located in the state of Gujarat, through Banaskantha, Patan, Mahesana, Gandhinagar and Ahmedabad district. It will connect the Amritsar-Jamnagar economic corridor with Ahmedabad and Vadodara and will integrate with other modes of transportation, thereby contributing to the promotion and usage of multi-modality in the region, it said.

The third road project proposed is located in the State of Bihar and involves the construction of 4 lanes of the Patna- Arrah-Sasaram corridor under Bharatmala Pariyojna, it said.

This project is expected to bring socio-economic development in left-wing extremism-affected districts, including tribal areas. The project will help in improving logistics efficiency by reducing existing routes and travel time and provide seamless connectivity for the traffic coming from UP through Purvanchal Expressway and going towards Jharkhand and Patna.

The fourth road project discussed during the meeting is located in Uttar Pradesh with the objective of improving the interstate connectivity between Madhya Pradesh, Rajasthan, Uttar Pradesh and Uttarakhand.

The inter-ministerial NPG meets every fortnight and appraises infra projects to ensure multi-modality, synchronisation of efforts, and comprehensive development in and around the project location.

The initiative was launched to develop an integrated infrastructure to reduce logistics costs. All logistics and connectivity infrastructure projects, entailing investments of over Rs 500 crore are routed through the NPG.

The NPG's approval is required before clearance of the project by the Public Investment Board (PIB) or Department of Expenditure under the finance ministry. The maximum number of projects recommended by the group are related to roads, railways and urban development.

The NMP has a number of layers of geospatial data showing all physical and social infrastructure of an area and land records in one place. It has been designed for faster planning and better design so that the impact of an investment is maximised.

The NPG has representations from various connectivity infrastructure ministries/ departments involving their heads of network planning division for unified planning and integration of the proposals.

All these departments approach the NPG first for approval before making a DPR (Detailed Project Report) at the planning stage. After the NPG's clearance, the project follows the normal procedure of approval by the finance ministry and the Cabinet.

Over 1,400 layers of data, including those related to land, ports, forests, and highways, are available on the portal. Usage of the portal by different ministries, including social sector departments and states, is increasing and it is helping in the proper planning of projects, it said. <https://www.firstpost.com/india/six-infra-projects-worth-rs-52000-cr-recommended-for-approval-under-the-pm-gati-shakti-initiative-13180632.html>

14. Army moves Rs 6,500 crore proposal to Defence Ministry for purchase of 400 howitzers from Indian firms (*indiatvnews.com*) September 29, 2023

In a step towards indigenisation of weapons for the defence forces, the Indian Army has moved a Rs 6,500 crore proposal to the Defence Ministry to purchase 400 howitzers from the country's firms.

The Artillery Regiment of the Indian Army is aiming to use the expertise of Indian Industry to produce 155 mm/52 calibre Towed Gun System, which will be lighter and will cater to future technological advancements.

“A proposal for buying 400 155mm 52 calibre towed gun systems (TGS) along with towing vehicles from Indian firms under the Buy Indian-IDDMM category has been moved to the Defence Ministry. The government is expected to soon take a decision on the TGS at a high-level meeting,” senior military officials said.

The Army has issued a tender to buy 307 Advanced Towed Artillery Gun Systems (ATAGS) along with the one for finding a mounted gun system for its deployment along the borders with Pakistan and China.

The Indian Designed, Developed and Manufactured howitzer will imply that it is indigenous in all ways.

The Army wants the guns to be lighter in weight and easier to deploy in high-altitude areas like the older Bofors guns.

The procurement process is part of the Army plan for Mediumisation with indigenous guns and is likely to be completed by the year 2042.

Four contracts have been concluded in the last decade for the procurement of 155 mm howitzer. The Gun Systems have already been inducted and more Regiments are being equipped with these guns.

The gun systems include Dhanush, Sharang, Ultra Light Howitzer (ULH) and K-9 Vajra Self Propelled Guns. Dhanush Guns are an electronic upgrade of Bofors Guns, while the Sharang Guns have been up-gunned from 130mm to 155mm calibre.

Seven Regiments have already been equipped with ULHs while five have been equipped with self-propelled guns. <https://www.indiatvnews.com/news/india/indian-army-proposal-to-defence-ministry-for-procurement-of-400-howitzers-from-indian-firms-rajnath-singh-gun-systems-pakistan-china-india-border-2023-09-29-895257>

15. Underfunded and Low Recoveries: Social Audit Units under NREGA in Dismal State (*thewire.in*) 29 Sep 2023

The social audit units, which are meant to detect any cases of malpractice, are suffering because they are fund-starved and do not have trained or adequate personnel working for them. The social audit unit's sole responsibility is to flag cases of malpractice, following which recovering misappropriated money – and reprimanding the officials responsible – is the job of the state government.

Even among cases flagged by the social audit units, the recovery of embezzled funds has been dismal, according to The Hindu. Data from the Union rural development ministry for the ongoing financial year shows that less than 14% of the amount flagged by auditors has been recovered so far. While the social audit units flagged misappropriation of Rs 27.5 crore, the amount came down to Rs 9.5 crore after action was taken in some cases. But so far, only Rs 1.31 crore (13.8%) has been recovered so far.

In previous financial years too, the recovery has been poor. In FY 2022-23, just Rs 18 crore (20.8%) of the flagged amount of Rs 86.2 crore was recovered. In FY 2021-22, misappropriation worth Rs 171 crore was flagged but only Rs 26 crore (15%) was recovered.

According to The Hindu, the ministry held a day-long seminar on September 26 to take stock of the situation. Apart from social audit units, MGNREGA commissioners, civil society and other stakeholders were also part of the seminar.

Rakshita Swamy from the Social Accountability Forum for Action and Research (SAFAR) told the newspaper that the dismal recovery rate threatens the credibility of the audit process and makes the entire exercise futile.

“The Union government has weaponised the lack of social audits to withhold funds for MGNREGA for the States. But the Ministry, which directly funds the social audit units so that they are able to maintain their independence from the States, is not getting funds to them in time. For example, units in Karnataka and Bihar have not got funds for nearly two years now,” she said.

Nikhil Dey, founder member of the Mazdoor Kisan Shakti Sangathan, said that while the Union government’s vigilance and pressure on the states to recover the misappropriated money is welcome, the bigger problem is that some states claim there are no cases of misappropriation. “[This] clearly means there is no monitoring here,” Dey said told The Hindu.

The report said that over the past three years, BJP-ruled states like Gujarat, Goa and also Meghalaya have reported “zero number of cases” and made “zero recoveries”. <https://thewire.in/government/social-audit-units-nrega-dismal-state>

16. Punjab ‘mistakenly’ credits Rs 3 crore scholarship money into students’ accounts; now orders teachers to recover them (*indianexpress.com*) Updated: September 28, 2023

The Punjab education department has found itself in a soup after discovering that it wrongly credited twice, and in some cases thrice, the pre-matric scholarship money in the bank account of nearly 23,700 students in the last financial year. The government has now asked teachers to check the bank passbook of each student, recover the money, and deposit the same in exchequer’s account.

According to a letter issued by the assistant director (scholarships), a copy of which is with The Indian Express: “Technical glitch occurred in the Public Finance Management System (PFMS) portal of the Government of India, due to which 23,001 students have been credited double amount mistakenly and another batch of 694 have been given thrice the amount”.

Each beneficiary was to be given Rs 3500, which includes Rs 1400 as state government’s share and Rs 2,100 as Centre’s share. The state ended up paying an extra amount of just over Rs 3.41 crore from its own share. The school heads have been asked to check double and triple entries of Rs 1,400 in passbooks.

The order further states that the district education officers (DEOs) have to ensure that all school principals recover the extra amount from students and deposit it back by October 20. The teachers also have to check bank passbooks of each beneficiary and ensure the recovery if it reflects double or triple entry of scholarship money.

The beneficiaries were mostly class 10 students, and most of them changed the school after clearing the board exams with some even shifting out of the state.

A teacher from Muktsar said: “Of 13 students in the list from my school, nine have left the school and now I have to trace them. Another child’s parents, who are labourers, have migrated to another state for cotton-picking season and will be back only next month. I have asked three others to bring their passbooks. Why teachers are being made to go through this exercise of checking someone’s bank passbooks?”

Kamal Kishor Yadav, secretary, education, said: “The money came at the fag end of the financial year (2022-23) and this mistake happened in March-April due to technical glitch in the PFMS portal via which such amounts are now credited directly in the accounts of beneficiaries. We realized it later and immediately prepared list of students who were given double or triple the amount. We have reworked on the portal now to ensure it never happens in future.”
<https://indianexpress.com/article/cities/chandigarh/punjab-credits-scholarship-money-twice-8959468/>