

NEWS ITEMS ON CAG/ AUDIT REPORTS (04.10.2022)

1. Union Govt Flips Stance, Tells SC 'Don't Push for Mandatory Rules to Curb Pharma-Doctor Nexus' ([thewire.in](https://www.thewire.in)) Oct 04, 2022

The government's reply comes in response to petition filed in court in August. The reply ignores its own reports and its own perspective on the matter, maintained for three years.

The Union government has made it clear in the Supreme Court that it thinks that the correct voluntary code in place to prevent bribing of doctors by pharmaceutical companies is 'adequate', The Wire has learnt.

It has told the court that it was not in favour of making – 'in haste' – a law to this effect that will change the status of the code from voluntary to mandatory.

A Supreme Court hearing in August in an ongoing case where the petitioner demanded a legal instrument in this connection has brought the alleged physician-pharma nexus under fresh spotlight. Apex court judge Justice D.Y. Chandrachud had described the issue as 'serious'. Justice Chandrachud had also remarked that it was 'music to his ears' when he got to know that the manufacturer making an antipyretic drug 'Dolo' had allegedly spent exorbitant amounts of money on marketing.

At the heart of the issue is a code – Uniform Code of Pharmaceutical Marketing Practices (UCPMP) – which prohibits pharmaceutical companies from giving 'freebies' to doctors.

It was put in place on January 1, 2015, and does not have legal backing. The code was initially brought for a period of six months only so that it could be reviewed afterwards. However, the code got an extension later and it will remain in force as it is till another such instrument comes.

"It is humbly submitted that the writ petition gives an incorrect impression that the extant legal regime is insufficient and inadequate to protect the citizens from unethical marketing practices by the pharmaceutical companies in their dealings with healthcare professionals," the government has said in reply in the Supreme Court.

The government also said UCPMP is working 'adequately, as per the provisions of the Code'.

By telling the court that the UCPMP is working just fine, the government has, in fact, gone back on its own position from 2017 – one which it had maintained for three years. There are many instances which attest to this.

The annual report of the department of pharmaceuticals (DoP) which was published 2018, said:

“The implementation of the UCPMP has been reviewed in consultation of all the stakeholders including NGOs/Civil Societies and it was felt that in order to implement it more effectively, it would be desirable to make it mandatory.”

The DoP functions under the union ministry of chemicals and fertilisers.

This was not the first time that the DoP had felt the need for a mandatory code. It had floated a proposal back in 2017 to have some sort of legal instrument in place instead of a voluntary code. The DoP presented to the Union law ministry a draft ‘Essential Commodities (Control of Unethical Practices in Marketing of Drugs) Order, 2017’. The idea was to make it a part of the Essential Commodities Act.

However, that proposal of DoP could not make a cut with the law ministry which believed that the scope of the Essential Commodities Act was only to regulate the production, supply and distribution of essential commodities and not necessarily control the marketing aspect. But the DoP thought that taking recourse to the Essential Commodities Act was the best way and, therefore, it sent a couple of reminders to the law ministry, too, to expedite its proposal.

“The Department has been sent a proposal to Department of Legal Affairs for vetting the draft Drugs (Control Marketing) order-2017 under Section 3 of the Essential Commodities Act 1955 vide its file of even number dated 28/06/2017,” a letter written by an official of the DoP on December 26, 2017, said. “May I request you to look into the matter and to expedite the same,” it added.

The DoP was consistent with its stance. In fact, replying to a Right to Information (RTI) application filed by one Kameswar Rao, a Visakhapatnam resident, the DoP said on December 26, 2017, “...after reviewing the implementation of the Uniform Code for Pharmaceutical Marketing Practices (UCPMP) which is at present voluntary is being examined in consultation with Ministry of Law to make it statutory (sic).”

Replying to a question in the parliament on May 10, 2016, the then Union minister for chemicals and fertilisers, Ananth Kumar, had also said, “The voluntary code was not working as expected.”

So for three years – 2016, 2017 and 2018 – the government maintained that the UCPMP was not working well. However, in 2019, it makes a 180° turn with Minister of State (MoS) for health and family welfare saying in parliament in reply to a question of Rajya Sabha MP K.C. Ramamurthy that all was well with the code. A year later, the government repeated the same thing in 2020 in the parliament, and said the code would not be made mandatory.

What led to the change in the stance of the government is not clear.

Haste?

The government’s reply to the Supreme Court noted that lawmaking takes time.

“It is pertinent to note that making the code statutory is a policy decision and a legislative act which necessitates extensive consultation between different ministries

and government departments and requires an overall consensus,” the government said.

“Thus, it is a time-consuming process which cannot be completed in haste,” it added. However, the consultation process between the DoP and the law ministry started in 2017 – five years ago. In addition, whether at all the government intends to make a law remains unclear because in parliament in 2020, it made itself clear that there was no plan to do so.

However, almost a month after the current Supreme Court case made headlines, the government constituted a new committee. It stated in the court that a ‘high-level’ committee under the chairmanship of V.K. Paul, member (health), NITI Aayog, would go into the issue ‘holistically’ and submit its report within 90 days. The committee was formed on September 12, 2022.

Whither punishment?

That the UCPMP is toothless is something that can also be gauged from the replies of the government in parliament, even after it changed its stance to not framing a law.

“The Uniform Code for Pharmaceutical Marketing Practices (UCPMP) is voluntary in nature and under UCPMP, there is no provision for Department of Pharmaceuticals to directly deal with complaints received regarding unethical Practices,” chemicals and fertilisers minister D.V. Sadananda Gowda said in Rajya Sabha on September 18, 2020.

And, there is no dearth of complaints against pharmaceutical companies. Replying to RTI applications filed by this reporter in 2019, DoP named, specifically, 20 pharmaceutical companies against whom the government had received complaints about giving bribes to doctors of a whole range. Even the replies given in parliament make it clear that the government has been receiving complaints.

But what can it do as per the current form of UCPMP? Nothing. Except for asking associations of pharmaceutical companies – of which the erring companies are themselves members of – to take actions against them.

And what can these associations do at most? Suspend them from membership of the association and publish in the media the reprimand they gave. The latter is practically unheard of.

But what about doctors who accept freebies? As per Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, a registered medical practitioner is not allowed to receive gifts, travel facilities, hospitality and cash or monetary grants. The regulations came into being in 2002. If a doctor is found guilty, his or her licence can also be suspended. This is the provision that the government claimed was good enough. But has that also happened?

Amitava Guha, one of the three petitioners of the current Supreme Court case, sent the DoP copies of airline tickets that a pharma firm had allegedly booked for nine doctors for round trips from Kolkata to Srinagar. He also gave copies of hotel bills and

schedules of those doctors for days which were not remotely related to any medical conference. On other occasions he has shared copies of tickets of doctors for Vancouver and cash payments for trips to Australia – all allegedly paid for by pharmaceutical companies.

This unholy alliance between doctors and pharmaceutical companies has come to fore through Comptroller and Auditor General (CAG) reports also. One such report presented in 2015 said, “We noticed in 36 cases involving tax effect of Rs. 55.10 crores in seven States (namely, Andhra Pradesh, Gujrat, Karnataka, Maharashtra, New Delhi, Tamil Nadu and Uttaranchal) where the expenditure towards gifts/freebies to medical professionals were allowed despite being prohibited by law/not related to business.”

While the petitioners of the case will file a response to the government’s reply before next hearing this month, the latter has already told the apex court that any direction to it of making a law would be tantamount to judiciary overstepping its mandate vis-a-vis the executive’s domain. Whether the court would be able to wriggle out of this and show a way forward to curb a deep menace remains to be seen. <https://thewire.in/government/government-supreme-court-pharma-doctor>

2. How can CAG reports be made actionable? (bengaluru.citizenmatters.in) October 3, 2022

The Comptroller and Auditor General (CAG) Reports are a compilation of financial audits, compliance audits, and performance audits of the central government and state governments. The Indian Audit & Accounts (IA& AD), headed by the Comptroller and Auditor General of India, audits almost all branches of Government at every level. The reports offer insights on the nuanced workings of governance.

Citizen Matters series on Understanding Public Project Audits, curated by experts from the CAG, tells us how these reports can be leveraged by citizens to hold their local governments accountable. For instance, when the office of Accountant General (Audit II) conducted the audit of Karnataka State Road Safety Authority (KS RSA) between 2014 and 2021, it found that there was no reduction in road accidents until 2019. The report also revealed that BBMP roads were the most hazardous with an average of 19 to 20 hazards per kilometre.

This scrutiny helps citizens understand what is happening in their local and hyperlocal contexts, and can accordingly demand action from their urban representatives. To highlight this, Citizen Matters organised a webinar on how CAG reports can be leveraged to make governments more accountable.

The panelists were EP Nivedita, a civil servant in the Indian Audit and Accounts Service (IAAS)-batch of 1993 and a recipient of CAG’s Award for Excellence and Innovation in Audit for the Performance Audit Report on Management of Stormwater in Bengaluru; Himanshu Upadhyaya, Assistant Professor at Azim Premji University, who writes on public finance and accountability; and Anjali Saini, who works with a civic community group, Whitefield Rising.

Useful for citizens

Nivedita says that the CAG is a completely autonomous body that is only answerable to the Constitution. “It was envisaged that it would be one of the pillars of our democracy, and the duty of the CAG was to help establish accountability of the executor,” she says.

According to Nivedita, most of the audit reports are in the public domain that makes it possible for citizens to read them and understand the shortcomings of governance. Whitefield Rising’s Anjali Saini counters that and says even as informed citizens, and people who have been interacting with citizens and with the government, many people are actually unaware of many of the data points in the reports.

Further, Anjali says that as constitutionally appointed bodies, Ward Committees must take forward the data points mentioned in the reports. The rules under the Karnataka Municipal Act, 1976, prescribe that the BBMP Commissioner has to provide the committees data on budgetary allocations and expenditure of the developmental projects underway. “But we are unable to get that information out of the Corporators or Ward engineers today” says Anjali, adding that while there is relevant information within the reports, they are lost in translation.

Better dissemination of content

The panelists stressed the need to disseminate the information in the reports in a way that can be easily understood by citizens. However, Himanshu Upadhyaya says that there have been efforts by the CAG to do just that. “Citizens needs to come out of the impression that the audits are all about accounts and figures” he remarks.

A performance audit report of Conservation and Ecological Restoration of Lakes under the jurisdiction of Lake Development Authority (LDA), he says, included innovative ideas to make it easier for citizens to engage with the data. “The audit inspections came with photographic evidence and QR codes that citizens could scan to ascertain the condition of stormwater drains,” he says. He adds that the inspection efforts by the auditors, which have built evidence for systemic reforms, need to be lauded.

Nivedita says the reports are very detail-oriented and have a high level of precision, which makes it a laborious task to convert them to easily readable formats. “Citizen groups can organise public readings of the report and hold discussions in the local language to counter this,” says Himanshu. There is a need for a more robust public discussions surrounding it, the panelists say.

Possibility and potential of CAG reports

Reliable data allows for citizens to discern vested political interests and misinformation, Anjali Saini states. Hence, the discussion focused on the role of media and civil society organisations (CSO) in using the reports to strengthen their engagement with government bodies. While the granularity or specificity mentioned in the reports were lauded, there was still the hurdle of translating the information into action.

Nivedita says while the CAG is constitutionally bound to assist the legislature, CSOs have no such qualms and urges them to publicise the reports and make them actionable. Organisations should curate explained, not just on the day the report is tabled, to trigger public engagement with the reports,” Himanshu adds.

One can start small at ward levels and start interacting with their Corporators, Nivedita says. There has to be a persistent engagement with citizen bodies to realise the full potential of the CAG reports, she concludes. <https://bengaluru.citizenmatters.in/event-report-how-to-make-governments-accountable-89914>

STATES NEWS ITEMS

3. State has spent over 19% of the budgeted capital expenditure so far this fiscal ([thehindu.com](https://www.thehindu.com)) October 3, 2022

Tamil Nadu has spent ₹8,548.25 crore towards capital expenditure so far in fiscal 2022-23 (till July), which is 19.85% of the budgeted amount of ₹43,072.81 crore, according to the provisional figures from the Comptroller and Auditor-General (CAG).

This is higher than the ₹4,527.12 crore spent during the same period in fiscal 2021-22, which was 9.92% of the budgeted amount.

Capital expenditure includes capital outlay, which leads to the creation of assets such as schools, hospitals, and roads and bridges and helps in improving economic activity and generating employment. It also includes repayment of loans.

Madan Sabnavis, chief economist, Bank of Baroda, said the total projected capital expenditure for a set of 26 States, including such major States as Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh, is ₹6.92 lakh crore in fiscal 2023. The Centre’s projected capital expenditure is ₹7.5 lakh crore (including the ₹1.40 lakh crore of loans to be given to the States), he pointed out.

Mr. Sabnavis said the Centre was more aggressive than the States in terms of capital spending for the period April-July 2022. For the first four months (April-July) this fiscal, the Centre had spent ₹2.08 lakh crore, 27.8% of the budgeted amount. However, the States were slower, spending ₹1.01 lakh crore, or 14.7% of the budgeted amount, he noted. Hence, there is considerable slack which needs to be made up in the remaining eight months of the year.

Overall capex is concentrated in Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, Odisha and Rajasthan, which individually have a share of above 5% each and together account for 61.2% of the total capex for 2023, he added.

Mr. Sabnavis pointed out that these States need to perform well and meet their targets to ensure that capex is on track.

He said two biggest States in terms of budgeted capex, Uttar Pradesh and Maharashtra, have been lagging so far. Out of the budgeted capex of ₹1.24 lakh crore for fiscal 2023, Uttar Pradesh has spent only 10.3% so far, while Maharashtra has

spent only ₹7,560 crore of the budgeted amount of ₹64,065 crore, according to the data shared by Mr. Sabnavis.

“There has been a tendency even in the past for the States to go slow on capex in the initial months and accelerate subsequently when a clearer picture of their fiscal balances is known. Therefore, the last quarter could be a busy period for the States in reckoning their capex,” he said.

With buoyant GST collections for both the Centre and the States this year, the capital spending needs an equal push from both, which is critical for growth, Mr. Sabnavis said.

He pointed out that as per the revised estimates for fiscal 2022, Tamil Nadu, Karnataka, Gujarat, Madhya Pradesh, Odisha and West Bengal had missed their capital spending targets.

In his budget speech for 2022-23, Tamil Nadu Finance Minister Palanivel Thiaga Rajan said there was a delay in the execution of capital works due to unprecedented rain and floods, as well as the restrictions imposed to control the Omicron variant of the novel coronavirus that causes COVID-19. As a result, the total capital expenditure was ₹37,936.23 crore in the revised estimates for 2022, as against ₹42,180.97 crore in the budgeted estimates.

The possibility of slippage cannot be ruled out if larger States do not expedite projects in the next 8 months, Mr. Sabnavis said. <https://www.thehindu.com/news/national/tamil-nadu/state-has-spent-over-19-of-the-budgeted-capital-expenditure-so-far-this-fiscal/article65962933.ece>

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. Why the Government's Decision to Abort CEL Sale Should Ring Alarm Bells ([thewire.in](https://www.thewire.in)) October 4, 2022

It is clear now that the disinvestment policy and decision-making process are full of holes and need review.

Concerns arising out of the decision of the government to scrap the strategic sale of Central Electronics Ltd (CEL) are serious. The credibility of the Central Public Sector Enterprises (CPSE) disinvestment process itself is now under a cloud.

The decision was announced by the Department of Investment and Public Asset Management (DIPAM) on September 28 by the Ministry of Finance, of which DIPAM is now a part. Apparently, the decision has been taken on the ground that there were quasi-judicial proceedings pending against the bidder selected by DIPAM, which the bidder had hidden from it.

But this claim has no credibility. DIPAM has been hiding the evidence available with it for almost a year, and has claimed that no wrong was committed. Evidence available on National Company Law Appellate Tribunal (NCLAT) proceedings against the

successful bidder, M/s Nandal Finance and Leasing Pvt Ltd, was communicated by CEL employees immediately after its selection, but DIPAM said that disinvestment rules and regulations were being followed.

The government has been triggered to scrap the disinvestment by the September 19 order of the Lokpal of India, which seeks from the Central Vigilance Commissioner a fresh inquiry into the sale of CEL.

The order of the Full Bench of Lokpal of India clearly argues that DIPAM has been misleading, and that the CVC should investigate irregularities and corruption. Bad luck for the government. Complaint No. 3867/2022, filed by me, was considered on July 5 by the Lokpal. It was referred to the CVC with the direction to submit a status report by August 10. The CVC submitted it dated August 12, and it was rejected by the Full Bench of Lokpal.

The Lokpal found that the CVC had merely forwarded the DIPAM report, stating that rules were followed, without investigating itself. The Bench was not satisfied with the lackadaisical approach of CVC. Its September 19 order stated that the main issues regarding irregularities and corruption had not been examined.

The CVC was requested to examine these allegations and convey their opinions within four weeks — by October 25, 2022. Since there was a good chance that to save face, the CVC would be able to nail the misconduct of the DIPAM secretary, the government has decided to terminate the transaction relating to the strategic sale of 100% government equity in CEL.

Disinvestment policy and process are now under a cloud

Over the year, the press has been reporting the statements of the DIPAM secretary claiming that there were no irregularities. CEL employees gave the facts of the case to DIPAM in December 2021, but it continued to mislead constitutional bodies. DIPAM informed the Competition Commission of India (CCI) that there is no truth in the allegations of CEL employees. Consequently, the CCI chose not to proceed with the inquiry. The DIPAM secretary informed the courts similarly.

Senior scientists and Directors of CSIR wrote to DIPAM about the competence and financial standing of the bidders. Even then, the DIPAM secretary continued to report to constitutional bodies that DIPAM did due diligence.

The claim that no wrong was committed was parroted because DIPAM wanted to defend the decision at all costs. It is obvious that DIPAM has no self-correcting mechanisms for exercising due diligence.

The CEL case corroborates what the Peoples Commission on Public Sector and Public Services and the senior scientists of CSIR pointed out in their letters to the government long ago — that disinvestment policy and the decision-making process are full of holes and need review. We hope that the role of DIPAM will be thoroughly investigated by the CVC.

The Lokpal of India will not relent. There may or may not be financial corruption, but there can be political corruption, which the CVC should nail.

The government has been forced to act before October 25, when the CVC's report is expected. Finally, the scrapping of the CEL disinvestment process must now be taken to its logical end — the government should be compelled to review the disinvestment policy and process. <https://thewire.in/economy/central-electronics-cpse-disinvestment-dipam>

5. States to begin Rs 4-trn monetisation drive ([financialexpress.com](https://www.financialexpress.com)) October 4, 2022

The government is planning to extend the scope of the National Monetisation Pipeline by launching a new initiative under which the state governments will also monetise their assorted assets and use the funds for capex and infrastructure investments.

After a good start to the NMP, through which the Centre seeks to catalyse flow of private capital of Rs 6 trillion in four years through FY25 to the infrastructure sector, the states will now be encouraged to leverage their brownfield assets to garner about Rs 3-4 trillion over three years, according to official sources.

These assets could include state highways, bus terminals and transmission lines, maritime tourist jetties, sports facilities and warehouses.

Niti Aayog and some central infrastructure ministries have already started deliberations with key states, including Maharashtra, Karnataka and Uttar Pradesh, on how they can assist the process by identifying the assets, suitable models for monetisation and by offering technical assistance.

“To sustain 10-11% annual economic growth, the states have to invest 9-10% of the GSDP in infrastructure. To generate resources, states have to leverage what they have,” an official said.

Maharashtra, the largest sub-national economy of India, would be a key player in the state-level asset recycling programme. A rough estimate showed that the state can easily generate Rs 50,000 crore via monetisation in 2-3 years. The state had monetised Mumbai-Pune expressway for about Rs 8,000 crore in 2020.

On September 18, a delegation led by chief minister Eknath Shinde that included deputy chief minister Devendra Fadnavis met Niti Aayog CEO Parameswaran Iyer and other officials on issues such as monetization. Maharashtra has decent assets base such as state highways, maritime jetties, bus terminals, state power transmission lines and sports stadias that could be monetized on public-private-partnership model. Besides upfront revenues and revenue sharing from operations, the transactions will lead to investment by private players in assets to give consumers a better experience in many of the assets such as jetties by redeveloping the existing infrastructure.

In asset monetisation both revenues to the asset owning agency and capex by private players are counted in arriving at asset monetization. Besides road assets, Uttar

Pradesh may look at bus terminals such as the one in Ghaziabad, transmission lines, sports facilities among others for monetization.

Karnataka will also look at monetising similar assets. Odisha is currently identifying assets that can be monetised.

Of the total expected capital expenditure of Rs 111 trillion under the National Infrastructure Pipeline or NIP in five years through FY25, states are expected to contribute about Rs 44 trillion or 40%. The NMP-state component will give a fillip to states in this regard to mobilize resources. In FY22, the Centre managed to beat the monetisation target of Rs 88,222 crore by achieving Rs 97,000 crore largely from mines auctions, NHAI road assets and power sector assets. <https://www.financialexpress.com/economy/states-to-begin-rs-4-trn-monetisation-drive/2699719/>

6. Big States recorded high double-digit growth in GST revenue in July-September (thehindubusinessline.com) October 03, 2022

Big States such as Maharashtra, Gujarat, and Karnataka have recorded double digit growth in GST revenue during the first three months after the end of the compensation period on June 30, 2022. Overall, all the three months saw overall GST revenue collection of over ₹1.43 lakh crore every month.

With this, the voice for resuming GST Compensation is expected to fade in the next meeting of the GST Council scheduled to take place in Madurai, for which the date has not been fixed. For accounting purposes, cess is included in States revenue, but they are not actually getting any rupee as it is being used in paying back to back loans taken to pay compensation during FY21 and FY22, amounting to over ₹2.50 lakh crore. Other components of State's revenue include SGST and part of IGST. Part of CGST is deposited in the devolution pool, which is shared with the States in due course.

Officials attribute the growth in collections not just to economic recovery but also to better compliance and joint enforcement by the Centre and States. At the same time, bringing various packaged products under GST with effect from July 18 resulted in better collection. From October 1, new e-invoicing norms for businesses having a turnover of more than ₹10 crore are further expected to boost compliance and collection.

Growing trend

Another trend observed is that, apart from the bigger States, others too have seen good growth during the three month period under consideration, though it is mainly a base effect. For example, revenue from GST in Bihar surged to over ₹1,400 crore and recorded a growth rate of 67 per cent in the month of September as against the corresponding month of last year. Similarly, West Bengal showed a growth rate of 27 per cent, with collections rising to ₹4,804 crore from ₹3,778 crore.

One more important element of collection is consistent in cess collection. For a three-month period, cess collection was over ₹10,000 crore. This could be because of record

automobile sales (around 1 million in three months) and also higher sales of aerated beverages, two prominent goods attracting cess and GST rates. The official says if this trend continues, then there is a possibility of repaying the loan along with interest could be done before time.

Though States are not getting any compensation from July 01, 2022, but date for levying cess has been extended till March 31, 2022 for debt servicing. In the last meeting of GST Council held in Chandigarh (June 28-29, 2022), there was strong demand for extending the compensation for some more time, but was not agreed upon. Now, officials believe with string growth of revenue, there many not be much voice for this in next meeting. <https://www.thehindubusinessline.com/economy/big-states-recorded-high-double-digit-growth-in-gst-revenue-in-july-september/article65967195.ece>

7. After uncertainty, GST finally begins to pay dividends ([newindianexpress.com](https://www.newindianexpress.com)) 04 October 2022

The Goods and Services Tax (GST), the much-touted indirect tax reform that took a decade to realise, finally seems to be paying the dividends—five years after its implementation. The September GST collection at `1.47 lakh crore is the seventh in a row when monthly collections have been over `1.4 lakh crore. In the first six months of FY23, the collections have averaged `1.49 lakh crore—almost `25,000 crore more than the entire year average of `1.24 lakh crore in FY22. This is a big jump given that average monthly collections, even in the pre-Covid era, were around `95,000 crore.

The disruption created by the implementation of the new indirect tax regime in 2017 was expected to shrink the revenue collection in the first couple of years. Still, it took much longer than that for the revenues to stabilise at a healthy average of above `1 lakh crore. This delay could be attributed to the government's many mistakes in the early days of GST implementation. The biggest of them all was frequent chopping and changing in the rates. Under pressure from both businesses and the public, the government made many unnecessary changes—including lowering GST rates on several items, keeping some goods and services out of the ambit of GST, etc.

Within two years, the government realised, as also pointed out by the Finance Commission report, that average GST rates (at 11.6%) were much below the revenue neutral rate of 15.3%. But it took them a while to reverse some of the 'mistakes', including lowering rates. The rates rationalisation process began a year ago, and now after a few rounds of increases in GST rates, revenues have started showing healthy growth.

The crackdown on evasions and wrongful claiming of input tax credits also helped the government shore up collections. At the peak of Covid-19 in 2020–21, the GST authorities, armed with data analytics tools, went hard after the evaders. This was followed by efforts like e-invoicing, which required each B2B invoice to be uploaded on the GST portal, further removing the scope for manipulation. Better monitoring and rate rationalisation have helped the government increase GST revenues recently—of course, also supported by high inflation. Now, the Central government would be hoping that states lower their anti-GST stance and stop asking for more

compensation. <https://www.newindianexpress.com/opinions/editorials/2022/oct/04/after-uncertaintygst-finally-beginsto-pay-dividends-2504682.html>

8. India's GDP growth to fall to just 5.7% in 2022: UNCTAD ([financialexpress.com](https://www.financialexpress.com)) October 4, 2022

India's growth will likely ease to just 5.7% in 2022 from 8.2% in the previous year, as economic activity is "being hampered by higher financing costs and weaker public expenditures", the United Nations Conference on Trade and Development (Unctad) said in its Trade and Development Report 2022 on Monday. The country's growth will further drop to 4.7% in 2023.

With this, among all the agencies, Unctad has firmed up the most conservative forecast for India (although it's on a calendar year basis). It's way lower than Moody's latest forecast of 7.7% for the calendar year 2022. Various other agencies have projected India's growth to be in the range of 6.7% to 7.4% in FY23. The RBI last week cut its FY23 real growth forecast for the country by 20 basis points to 7%.

Unctad said, "Going forward, the government has announced plans to increase capital expenditure, especially in the rail and road sector, but in a weakening global economy, policymakers will be under pressure to reduce fiscal imbalances, and this may lead to falling expenditures elsewhere."

The report predicted China's economic growth to be 3.9% in 2022, down from 8.1% in 2021. However, it will touch 5.3% in 2023, which means China's growth will beat India's in the next calendar year. India, the report said, had recorded real GDP growth of 8.2% in 2021, the strongest among G20 nations. "(But) As supply chain disruptions eased, rising domestic demand turned the current account surplus into a deficit, and growth decelerated," it said.

The report acknowledged that various PLI schemes are incentivising corporate investment. However, rising import bills for fossil energy are deepening the trade deficit and eroding the import coverage capacity of foreign exchange reserves. <https://www.financialexpress.com/economy/indias-gdp-growth-to-fall-to-just-5-7-in-2022-unctad/2699713/>

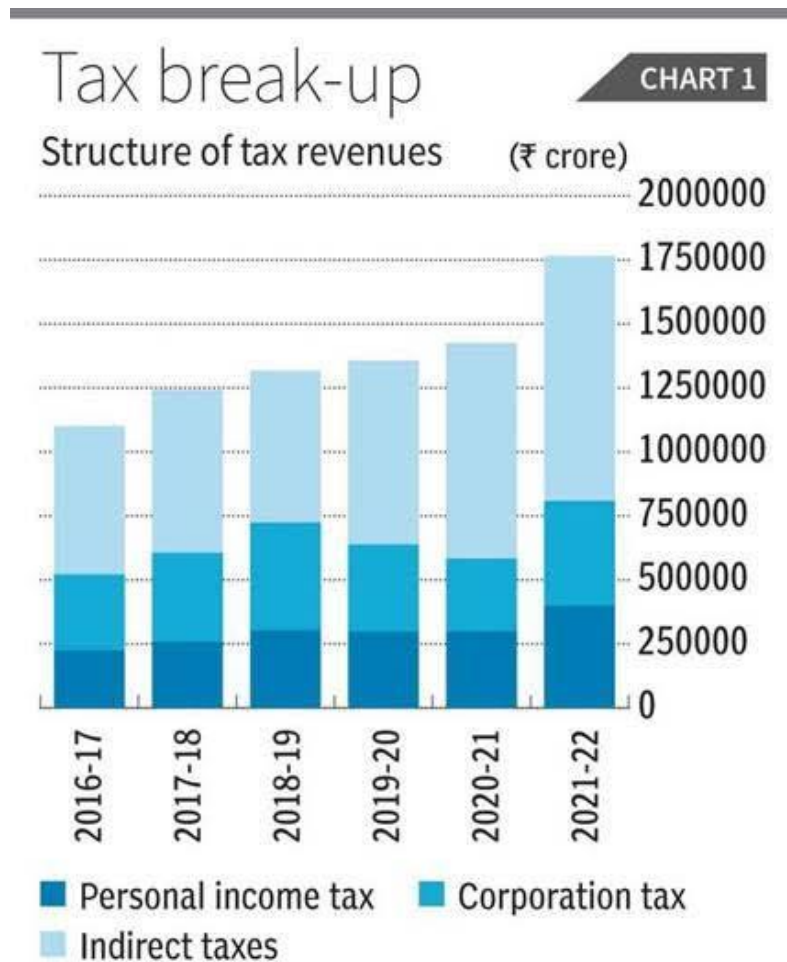
9. The continuing tax gift to India Inc ([thehindubusinessline.com](https://www.thehindubusinessline.com)) October 03, 2022

The tax system heavily favours large corporations, and has become even more so in recent times

It is well known that indirect taxes fall disproportionately on the poor, and therefore a tax regime that relies mostly on such taxes is both unjust and inefficient in terms of not mopping up the excess profits and incomes of large corporations and rich families. The Indian tax system has always been broadly regressive, with an inordinately high share of indirect taxes, even when compared to countries at similar levels of per capita income.

But the extent to which this reliance has been accentuated during the Modi government are not fully appreciated. When combined with other regulatory measures and public policies that have greatly increased the market power of some large corporates in particular, the system has greatly added to the process of making India one of the most unequal countries in the world.

Figure 1 describes the overall composition of central government tax revenues, and shows that indirect taxes have generally accounted for more than half of total tax revenues.



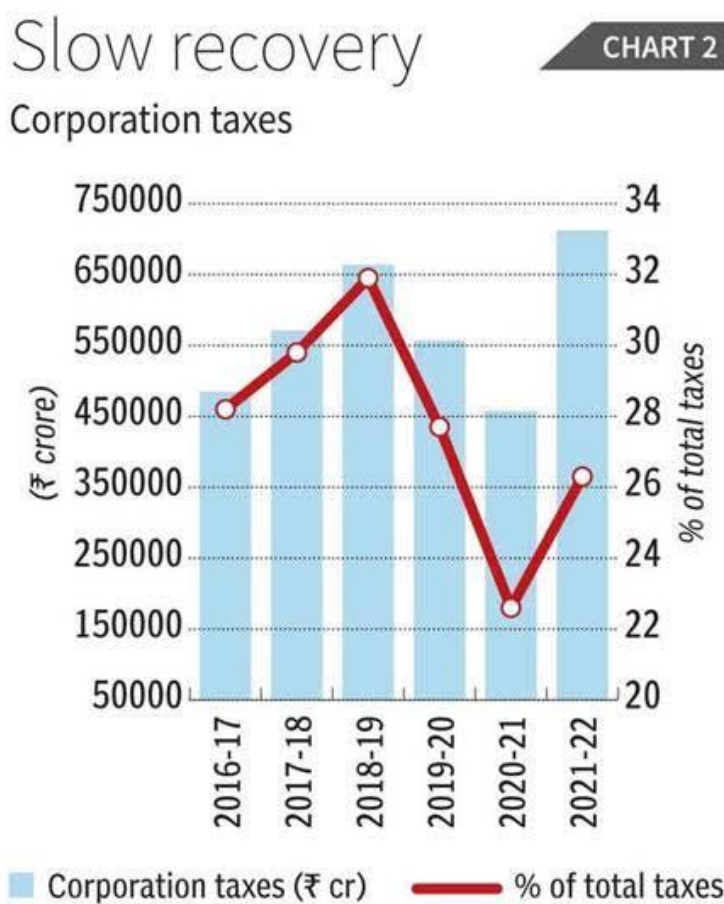
Indeed, the ratio has worsened in recent years, with indirect taxes going up from around 51 per cent of total tax revenues in 2016-18, to as much as 59 per cent in 2020-21 and remaining high at 54 per cent in 2021-22.

Direct tax path

The direct tax regime is certainly lacking in many ways, with the abolition of wealth taxes and negligible inheritance taxes, despite the clear evidence of extreme concentration of wealth in a few hands. Despite much noise made by the Prime Minister and others about bringing back “black money” salted away abroad and forcing offshore assets to be declared and taxed, very little has actually been done for this.

The Indian government has received at least some information about assets of Indian citizens held abroad, yet it has neither pursued this systematically, nor allowed the lists of such individuals to be made public. This lack of transparency and inaction enables wealthy individuals to continue to prosper while most of the people face extremely dire economic conditions.

However, it is in the matter of corporate taxation that the upward bias of the government has become particularly evident. Figure 2 shows the recent pattern of revenues from corporate taxation. It is particularly striking to note the dramatic decline in corporate tax receipts in both fiscal years 2019-20 and 2020-21. The recovery in 2021-22 appears good in contrast, but still leaves the share of corporate taxes in total taxes well below the levels of several years earlier.

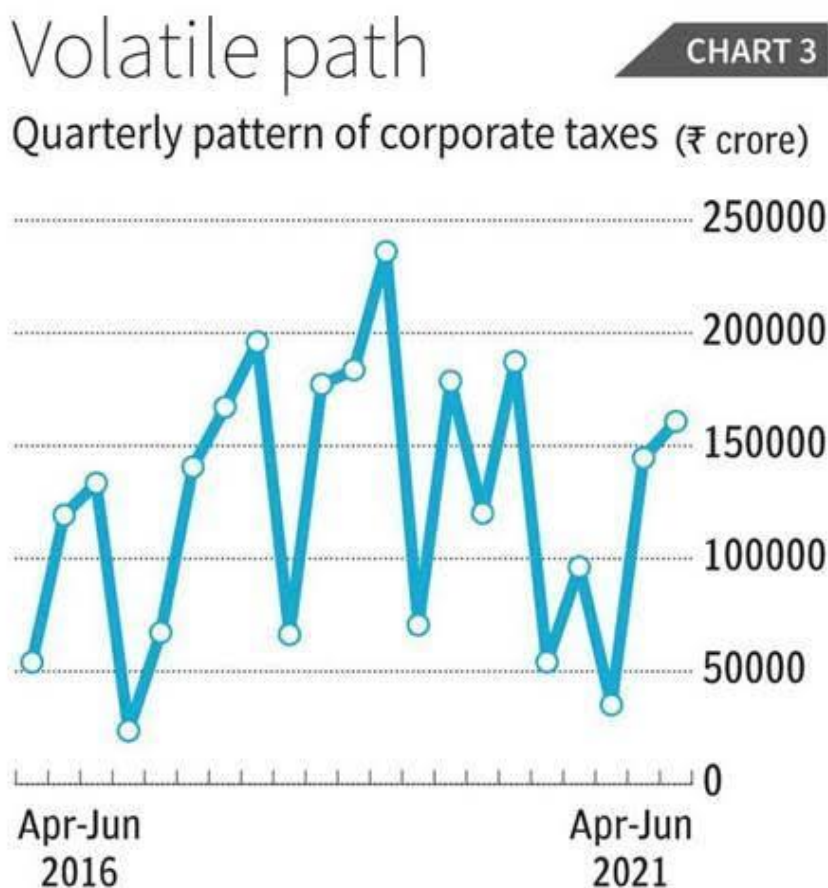


This sharp and unusual decline in tax revenues was not only, or even dominantly, because of supposedly “God-given” external factors like the Covid-19 pandemic that battered the economy. Indeed, the first major decline occurred well before the pandemic, and was the result of the explicit decision in September 2019 to offer significant tax breaks to companies.

The corporate tax rate was lowered from 24 per cent to 21 per cent and a variety of other fiscal sops were offered, with the supposed aim of generating more private investment in a context of economic stagnation. In the event, private investment did

not rise but continued to fall in real terms, but the large corporates in particular happily pocketed the windfall gains from lower tax rates.

Figure 3 describes the impact this had on corporate tax collection, seen in quarterly terms. Since September 2019, corporate tax revenues remained low and declined sharply in some quarters. This has been ascribed to the impact of a slowing economy, especially during the extreme lockdown in the first phase of the Covid-19 pandemic. But in fact, corporate taxes declined even in the periods when aggregate income and corporate profits were growing.

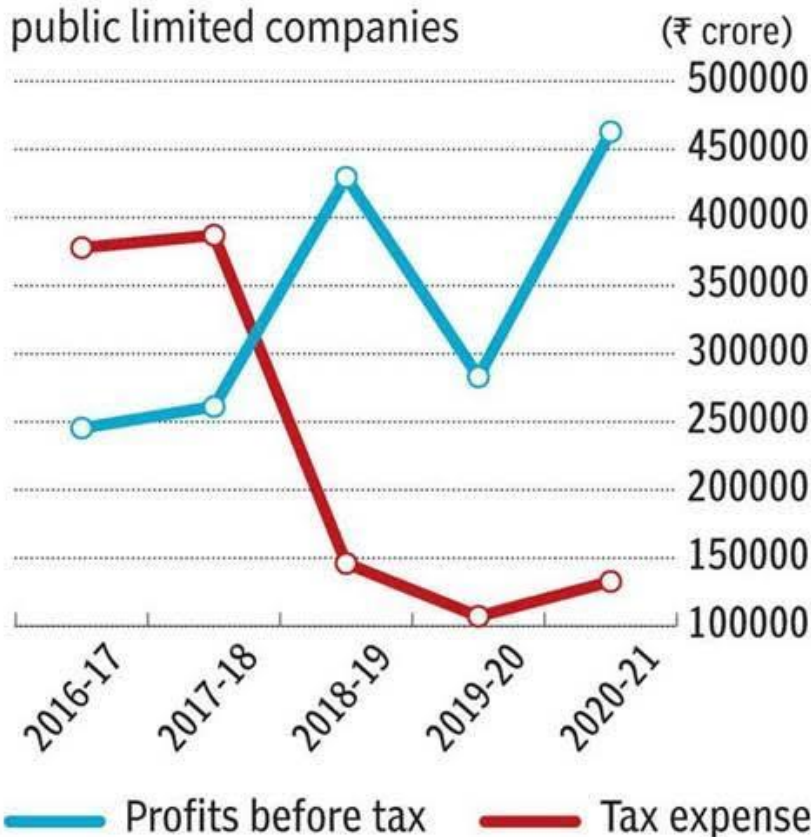


This becomes clear when the actual evidence on corporate profits over this period is examined. The RBI provides data on the financial performance of non-government non-financial public limited companies, based on the audited annual accounts of 7,233 companies with a total paid-up capital of ₹5,40,493 crore of at end-March 2021. The results in terms of profits and tax payment for these companies, in the period 2016-17 to 2020-21, are presented in Figure 4.

Dipping trend

CHART 4

Profits and taxes of non-financial public limited companies



Source: RBI, Controller General of Accounts

The contrast between the trends in profits and in tax payments by these same companies is striking. (It should be noted that in the first two years described in Figure 4, tax payments exceeded profits of that year, probably because of arrears in tax payments and demands for previously unpaid taxes.) Tax expenses of companies declined sharply in 2018-19, and declined even further in the following year.

Declining payout

Thus, between 2018-19 and 2020-21, the rate of taxes paid out of the recorded profits of these companies declined from 34 per cent to 28.7 per cent.

Note that even this average can be misleading, as it has been found that the incidence of corporate taxes is also unevenly distributed, with the large corporations (and multinational companies) paying much lower effective rates of taxation than middle and small companies. It has been estimated that some of the largest corporations pay very low, almost negligible taxes even when they experience very high profits, because they are able to utilise various loopholes in the tax regime to their own advantage.

For example, one of the largest corporate behemoths in the country, Reliance Industries Limited owned by Mukesh Ambani, is estimated to have paid an effective tax rate of only 3.1 per cent in 2020-21, a year when its profits increased by 35 per cent.

The inability or unwillingness to collect taxes from large corporates and rich individuals has several adverse consequences. It is one of the main reasons why people in the country continue to suffer from inadequate public services, why State governments suffer from a real financial crunch that prevents them from meeting basic obligations to their citizens, why the government's macroeconomic policy is so conservative and pro-cyclical to the point that it cannot effectively counter downswings and shocks that adversely affect peoples' lives and livelihoods. The demand for a more progressive and just tax system is therefore an essential part of a progressive economic agenda. <https://www.thehindubusinessline.com/opinion/the-continuing-tax-gift-to-india-inc/article65967547.ece>

10. Comfort letters worth Rs 30k cr is govt's new banking headache (economictimes.indiatimes.com) Oct 4, 2022

An air of uncertainty hangs over the letters of comfort (LoC) of over ₹30,000 crore given by various government-owned companies to lower their borrowing costs.

An LoC is a document that gives a degree of assurance that an obligation - like servicing of interest and repayment of a loan - will be ultimately met. But, unlike an irrevocable guarantee, an LoC is not a firm promise.

In the wake of two communiqués - first, from the Reserve Bank of India in April, followed by the ministry of finance in June - there is now a lack of clarity on the existing LoCs by public sector undertakings.

While allowing only state-controlled non-banking finance companies funding infrastructure to issue LoCs for certain activities, a June 10, 2022 directive of the finance ministry laid down that "under no circumstances, the liability under the LoC shall evolve on the government".

However, the central bank guidance note to credit rating agencies said that LoC (unlike guarantees) is just a "diluted, non-prudent" support structure and, therefore, cannot be used to prop up rating and reduce the interest cost on a loan that is backed by an LoC.

According to the RBI, only LoCs which are as solid as a legally enforceable guarantee or where the structure - in the case of LoCs issued by PSUs - allows the liability to boil over to the sovereign in the event of default by the borrowing entity, are admissible support mechanisms for credit enhancement or rating improvement.

"What the finance ministry's June circular does not clarify is whether the rule applies to outstanding (or existing) LoCs or only those that are given by PSUs after the date of the June circular," said a banker. <https://economictimes.indiatimes.com/news/india/comfort-letters-worth-over-rs-30000-crore-given-by-psus-under-a-haze/articleshow/94629873.cms>

11. SBI report warns of freebies time-bomb, urges SC to cap them at 1% of GSDP ([millenniumpost.in](https://www.millenniumpost.in)) 3 Oct 2022

With states after states competing to offer freebies, a report has suggested that the Supreme Court-led panel could cap such welfare schemes at 1 per cent of the state's GDP or 1 per cent of its own tax collection.

Citing the examples of just three states, a report penned by Soumya Kanti Ghosh, the group chief economic adviser to State Bank of India, said annual pension liabilities of the poor states of Chhattisgarh, Jharkhand and Rajasthan are estimated at Rs 3 lakh crore.

When looked in relation to these states own tax revenue, pension liabilities are quite high for Jharkhand, Rajasthan and Chhattisgarh at 217, 190 and 207 per cent respectively.

While for states contemplating the change, it would be as high as 450 per cent of own tax revenue in case of Himachal Pradesh, 138 per cent of own tax revenue in case of Gujarat and 242 per cent of own tax revenue for Punjab, which is also planning to revert to the old pension system wherein the beneficiaries pay nothing.

Ghosh also points out that according to the latest available information, the off-budget borrowings of states, which are loans raised by state-owned entities and guaranteed by the states, have reached around 4.5 per cent of GDP in 2022 and the extent of such guarantees have achieved significant proportion of GDP for various states.

The report suggests that the apex court panel fix a band, say 1 per cent of GSDP or 1 per cent of state own tax collections or 1 per cent of state revenue expenditure for these welfare schemes, he says.

Such guarantee amount is significant at 11.7 per cent of GDP for Telangana, 10.8 per cent for Sikkim, 9.8 per cent for Andhra, 7.1 per cent for Rajasthan, and 6.3 per cent for UP. While the power sector accounts for almost 40 per cent of these guarantees, other beneficiaries include sectors like irrigation, infrastructure development, food and water supply.

On the cost of the election promises made by various political parties in the poll-bound states as percentage of revenue receipts and own tax revenue of these states it is 1-3 and 2-10 in Himachal 5-8, and 8-13 in Gujarat respectively.

The unfunded pension liabilities of the state which have gone back to the old pension scheme or pay as you go scheme, or planning to do so as percentage of own tax revenue, it's a staggering 450 for Himachal, 138 for Gujarat, 207 for Chhattisgarh, 190 for Rajasthan, 217 for Jharkhand and 242 for Punjab. The combined liabilities of the states which have reverted to the old pension scheme/or have promised to do so stood at Rs 3,45,505 crore in FY20 and the same will go up as percentage of GSDP of Chattisgarh to 1.9 and and incremental burden of 60,000 crore from Rs 6,638 crore in FY20.

For Jharkhand it was Rs 6,005 crore and will be 1.7 per cent of GSDP and will increase by Rs 54,000 crore; Rajasthan Rs 20,761 core, 6 per cent and will jump by Rs 1.87 lakh crore; Punjab Rs 10,294 crore, 3 per cent and will rise by Rs 92,000 crore, Himachal Rs 5,490 crore, 1.6 per cent of GSDP and will rise by Rs 49,000 crore and for Gujarat the pension burden was Rs 17,663 crore in FY20 and will jump to 5.1 per cent of GDP and will rise by 1.59 lakh crore.

When the freebies announced by the states in FY23 are compared to percentage of the each of the state's GDP and revenue receipts and own tax revenue, they are more staggering. <http://www.millenniumpost.in/business/sbi-report-warns-of-freebies-time-bomb-urges-sc-to-cap-them-at-1-of-gsdp-494807>

12. Can reducing 'state-litigation' solve half of the judiciary's problems? (business-standard.com) October 4, 2022

Yes, the government is the biggest litigant in the country, but this is not the whole truth

On September 24, Former CJI NV Ramana, in his address at the ISB Leadership Summit 2022, termed the government as the "biggest litigator" and said half of the judiciary's problems would be resolved if the state decided to halt state-sponsored litigation.

However, this is not the first time he made this statement. In May 2021, the then CJI Ramana termed governments as the "biggest litigants", accounting for nearly 50 per cent of pending cases, and said the 'docket explosion' is due to the non-performance of various wings of the executive and the legislature not realising its full potential.

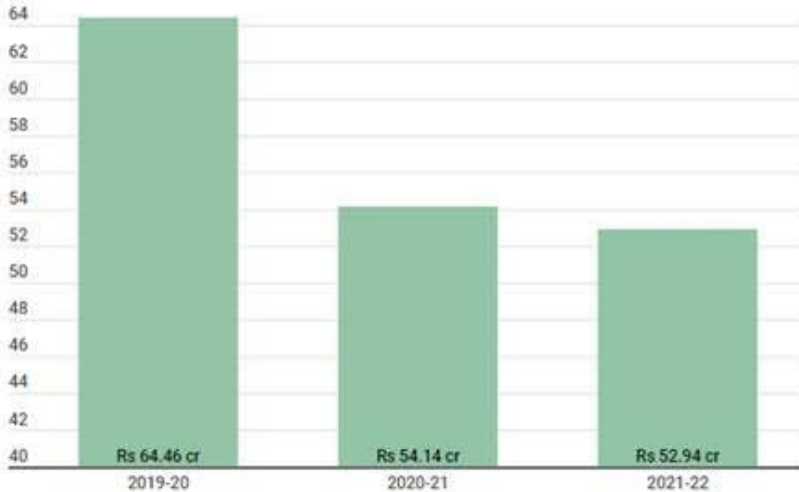
CJI Ramana was not the first SC judge to point this out. Former CJI T S Thakur had said the same in February 2015. We look at what this means in terms of cost to the state and what makes the state the "biggest litigant" in the country.

According to the data provided by the Ministry of Law and Justice in response to a question in the Lok Sabha on August 5, the Centre spent Rs 52.9 crore in FY 2021-22 on litigation fees paid to lawyers representing the government in the courts.

However, the law minister's response to the Lok Sabha question also showed a marginal downward trend in expenditure in the last three financial years. Notably, the decline was during the pandemic years. The government spent over Rs 54.1 crore in 2020-21 and over Rs 52.9 crore in 2021-22 as against Rs 64.4 crore in 2019-20. In the current fiscal year, as on August 2, the government spending stood at Rs 14.4 crore.

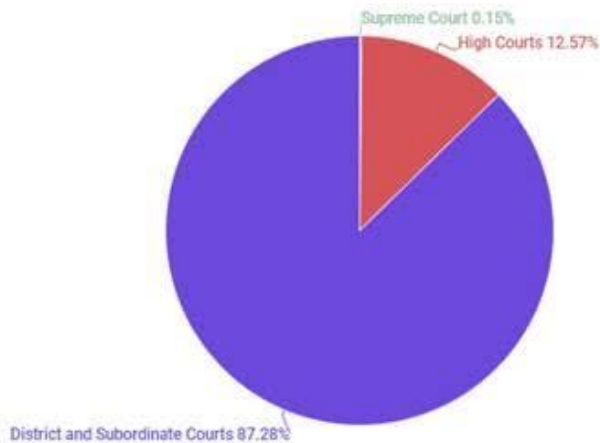
Govt expenditure on litigation

Figures in Rs cr



Source: Ministry of Law and Justice in response to a question in the Lok Sabha

As on August 2, 2022, the total number of pending cases in the Supreme Court of India is 71,411, out of which 56,365 are civil matters and 15,076 are criminal matters, Union Minister of Law & Justice, Kiren Rijju informed the Rajya Sabha. Out of these cases, more than 10,491 have been awaiting disposal for over a decade. In 25 High Courts, 5,955,907 cases were pending till July 29, 2022. And in subordinate courts, the figure for backlogs was around 41.3 million.



Source: Union Minister of Law & Justice, Kiren Rijju presented the data in Rajya Sabha

Share

Can halting state-sponsored litigation solve half of the judiciary's problem?

Currently, the government is said to be accountable for nearly 50 per cent of these pending cases. However, to understand why we must look into the "how". It is important to note who all are included in the definition of government or state here.

According to Article 12 of the Indian constitution, the government constitutes all legislative and executive organs of the Union government, state government, and local authorities. It also includes statutory and non-statutory authorities. The "other authorities" mentioned under Article 12 means those authorities within the Indian territory controlled by the government of India also come under the head "government". This means that litigation involving government universities, banks, schools, etc., also becomes a part of this estimate of 50 per cent pending cases.

Pradeep Ambastha, former Chief Income Tax Commissioner and an advocate consultant with NIDAAN Law Chambers, tells Business Standard, "the premise that government is a futile litigant is not entirely correct. In fact, the government in any healthy democracy should be the most vociferous litigant."

He explains that there are two types of cases; criminal and civil litigation. Under the Code of Criminal Procedure (better known as, CrPC), the government automatically becomes a litigant if there is a criminal case. If there is a civil case, even though there are arbitration routes and subsequent efforts to solve the cases outside the court, the parties involved always have the choice to reach out to the court. As an executive, one can only facilitate arbitration but not deny the public their right to approach the court.

"Most of the time, the disputing parties consider the word of court as the final judgment. And it is their right to do so," he adds.

How much pendency do intra- and inter-departmental disputes cause?

Justice Ramana, while criticising the government, had said that it was beyond his understanding as to why intra- and inter-departmental government disputes or fights between PSUs and the government end up in courts.

He is not alone in making such an observation. Time and again, this issue has been raised by several entities, including the government itself.

In the 126th Law Commission of India report, it was noted that "over-enthusiastic departments" have pursued "litigation at the drop of a hat ... and after tasting blood ... pursued it right till the apex court." This increased the cost to the public exchequer if both bodies involved in litigation were part of the government.

After this, the government chose the arbitration route to reduce the burden on the courts but did not see much success.

In 1991, the government set up the Committee of Disputes. It made it compulsory for all disputes between two government entities to be examined by the High Powered Committee (Committee on Disputes) before proceeding to a court or tribunal for adjudication.

In 2011, the Supreme Court noted that the committee had failed to achieve its "laudatory objective" of reducing pendency in practice.

Even though the government might have been unsuccessful in bringing down the number of inter-and intra-departmental cases, it is pertinent that we see an actual share of these cases in causing pendency.

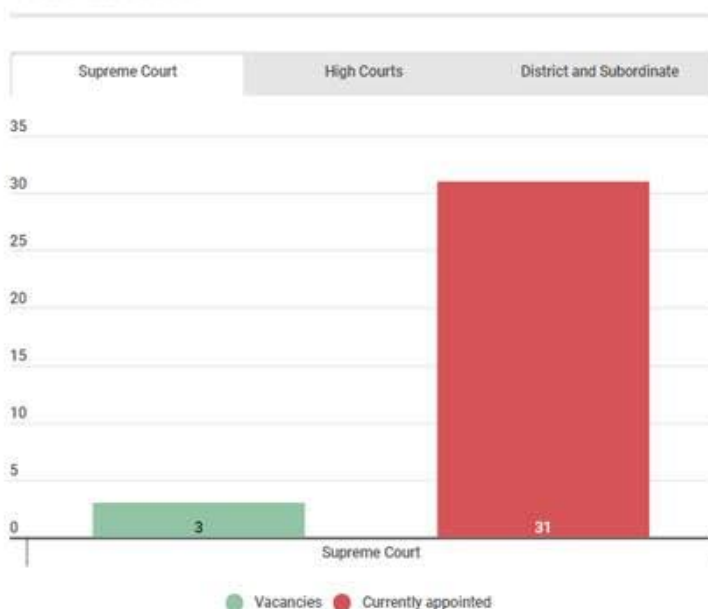
A report by Vidhi Centre for Legal Policy on the Supreme Court shows that only 7.4 per cent of fresh cases filed before the court in 2014 were by the Centre. More detailed data on segregation of the type of government litigation would help in targeting the problem of pendency in cases.

"Even if the government tries to eliminate litigation on its part, it would hardly make a difference of about 5 per cent to this 50 per cent figure of pending cases," Ambastha says.

"While there needs to be an effort on part of the state to strengthen the judiciary and fill up vacancies to deal with the issue of pendency, it is also important that judiciary also makes an effort to fast-track cases," Ambastha added.

India's current judge-population ratio is around 20 judges per 1 million people. According to the available data, subordinate courts with the highest number of pending cases also have the highest number of vacancies. In July 2021, the subordinate courts had 5,342 vacant seats out of 24,631 posts.

Vacancies



Source: Department of Justice data and Rajya Sabha answer by law minister

According to Eurostat, in Europe, on average, during the period 2018-2020, there was one professional judge per 5,690 persons. The proportion of women was 58.6 per

cent. https://www.business-standard.com/article/economy-policy/can-reducing-state-litigation-solve-half-of-the-judiciary-s-problems-122100400372_1.html

13. Government approves Rs 26,000 crore to install 25k mobile towers in 500 days ([financialexpress.com](https://www.financialexpress.com)) October 4, 2022

The government has approved Rs 26,000 crore for installation of 25,000 mobile towers in 500 days, an official statement said on Tuesday. According to a telecom ministry spokesperson, financial support for the project will be provided by Universal Services Obligation Fund and it will be implemented by Bharat Broadband Network.

The project was announced by Telecom Minister Ashwini Vaishnaw at three-day long 'Digital India Conference of State IT Ministers' that concluded on October 3.

"In his concluding remarks, Ashwini Vaishnaw stated that connectivity is vital for Digital India and its reach to every corner of the country. He announced that Rs 26,000 crore has been approved to install 25,000 new towers in next 500 days," the statement said.

Minister of State (MoS) for Electronics and Information Technology and Skill Development and Entrepreneurship Rajeev Chandrasekhar, MoS Communications Devusinh Chauhan and IT ministers from 12 states and UTs, namely Andhra Pradesh, Assam, Bihar, Madhya Pradesh, Gujarat, Goa, Manipur, Uttarakhand, Telangana, Mizoram, Sikkim, and Puducherry participated in the conference. https://www.financialexpress.com/industry/government-approves-rs-26000-crore-to-install-25k-mobile-towers-in-500-days/2700058/?utm_source=newsstand&utm_medium=Referral

14. MGNREGS to fund work to reverse desertification of land across States ([thehindu.com](https://www.thehindu.com)) Oct 04, 2022

The employment scheme will work in tandem with the Pradhan Mantri Krishi Sinchayee Yojana to help take up treatment of about 30% more land than feasible with the current scheme size

With limited funds to deal with the gargantuan task of restoring degraded land and reversing desertification in the country, the government is now planning to bring convergence between the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).

According to the Desertification and Land Degradation Atlas published by the Environment Ministry in 2021, at least 30% of India's total geographical area is under the category of "degraded land".

Jharkhand, Rajasthan, Delhi, Gujarat and Goa have more than 50% of land area undergoing desertification or degradation, while States with less than 10% land degradation are Kerala, Assam, Mizoram, Haryana, Bihar, Uttar Pradesh, Punjab and Arunachal Pradesh.

In a recent jointly signed advisory, Nagendra Nath Sinha, Secretary, Rural Development, and Ajay Tirkey, Secretary, Department of Land Resources, urged the Chief Secretaries of the States to ensure that the two schemes work in tandem. Under the latter, activities such as ridge area treatment, drainage line treatment, soil and moisture conservation, rainwater harvesting, nursery raising, afforestation, horticulture and pasture development are done. The Union government now wants the States to undertake these activities using MGNREGS funds, which go towards both material and wage components.

In 2019, the government raised its target of restoration of degraded land from 21 million hectares to 26 million hectares by 2030 following a commitment made during the UN Convention to Combat Desertification (COP14). Nearly three years on, the government is nowhere near this target.

Though the Ministry has been making efforts to contribute towards meeting the international commitment, the constraints posed on economy by the pandemic restricted the target to 4.95 million hectares by 2025-26. Therefore, there is a compelling reason for the Ministry to explore alternative opportunities to fulfil the commitment, the advisory read.

The Rural Development Ministry is now hoping that by making use of the MGNREGS, which for the financial year 2022-23 has a budget of ₹73,000 crore, the government can scale up the area to be covered.

As of now, there is Central allocation of ₹8,134 crore for developing 4.95 million hectares.

By the Ministry's own estimate, a convergence with the MGNREGS could help take up treatment of about 30% more land than feasible with the current scheme size. <https://www.thehindu.com/news/national/mgnregs-to-fund-work-to-reverse-desertification-of-land-across-states/article65967045.ece>

15. Weaponising for tomorrow: India must organise its missile resources, access best military drone tech (economictimes.indiatimes.com) Oct 03, 2022

Conventional military wars, of the sort we thought diminished during nuclear deterrence, have reappeared. From the Russia-Ukraine and Central Asian theatres to India's northern frontiers with China, the threat of physical war between two nations is quite evident. The challenge is to cope with it, without having to concede politically. And, in some situations, even exploit it to further national gains.

So, what does this mean for India? It means to be prepared for conflict in what is still a narrow operational space in the escalatory ladder among nuclear neighbours, where traditional war can still be waged. India's post-Uri surgical strikes on Pakistan and China's build up in Ladakh, clashes in Galwan followed by the Kailash range operations are all pointers to this possibility. Which is why old dictums of operational preparedness require reorientation.

While that reassessment is expected to acquire fresh momentum with the appointment of the new chief of defence staff, this is also a good time to take a hard look at military choices from a political decision-maker's perspective, and then identify priorities, allocate resources accordingly. After all, capability development by way of weapons must have a correlation to what is politically deployable and doable in a conflict situation.

The concept of waging a kinetic war without physically engaging the enemy, thus, acquires relevance — carry out military assaults to cause effective damage on the adversary without having to send personnel across enemy lines, since loss or capture of military personnel carries considerable political and perceptual risk. So, being a democracy, it would make eminent political sense for India to explore and expand military possibilities through noncontact warfare — essentially, missiles and drones.

On the missile front, there is a need to take a quick call on creating a dedicated missile force under the army. This would allow political flexibility of the kind the air force cannot provide, where pilots remain at risk of loss or capture. No doubt fighter aircraft are complex and effective weapon systems. But, for India, their use will be a high-risk political choice.

Hop on the Drone

Further, when it comes to missiles and rockets, India has a very strong indigenous expertise, producing both conventional and nuclear-tipped missiles like Agni, Prithvi, BrahMos, Nag, etc. Precision rocket trials for Pinaka missiles — with a range of 45 km and 70 km — have been completed. Essentially, India has capabilities across distances with ever-improving precision.

The army is best placed to take this forward — from an ancillary to a standalone force within a new conceptual battle paradigm suited to both contemporary warfare and political decision-making. The recent accidental firing of BrahMos, which led to the dismissal of three air force officers, also points to sensitivity of the assets in question, and why they need to be put under the command of army experts.

The story is a little different when it comes to drones. India is fast developing its drone-making capabilities. But unlike missiles and rockets, this ecosystem has considerable catching up to do. Also, military successes from innovative use of drones in almost all recent campaigns globally makes it essential in any military arsenal.

Again, India needs to think from its own strategic standpoint. Which is why it is imperative to create political options by accessing the best drone weapons systems to address immediate security concerns. One of the resources India pressed into action when China mounted troops in Ladakh were the few US-made MQ-9B SeaGuardian drones (an improved variant of the Predator drones) on lease to the Indian navy. These drones conducted terrain-mapping in Aksai Chin (opposite Ladakh), providing valuable information on the nature of Chinese deployment.

Now, India has been in talks with the US for purchase of 30 SeaGuardian/Predator UAVs (10 each for every service). In fact, India has been offered the armed version of this drone, extended by the Donald Trump administration, to which India gave its in-

principle concurrence but is yet to close the deal. US recently struck a deal with Taiwan for the same drones, but only for the surveillance variant, not the armed version.

This drone delivered the AGM (air-to-ground)-114 Hellfire missile in a precision attack that killed al-Qaeda head Ayman al-Zawahiri. Their stand-out feature is that these are high-altitude long-endurance (HALE) assets, unlike others in the Indian vicinity. Which means they can operate at heights beyond 30,000 ft and can stay up for 30-plus hours — providing a viable political option to the Indian leadership for both surveillance and attack.

Join the Tech Wagon

The recent squabble with the US for handing an F-16 maintenance package to Pakistan is a grim reminder of a bitter past when these aircraft first made their way into South Asia, forcing India to find some counter through the Mirage 2000s from France. Today, the India-US relationship is qualitatively different. And Gol must consider pressing home this advantage by gaining access to the best drone technology the US can offer. Because one can never tell, just like the F16s, what could land up with Pakistan, how, when and under what circumstances.

Missiles and drones are the weapons through which war can be waged within a conventional spectrum, and without disturbing the overall strategic stability between two adversarial countries. And that's why it's vital India organises its existing missile resources, and accesses the best military drone technology, promptly and wisely, with an intent to provide credible options to its democratic political leadership. <https://economictimes.indiatimes.com/opinion/et-commentary/weaponising-for-tomorrow-india-must-organise-its-missile-resources-access-best-military-drone-tech/articleshow/94627775.cms>

16. Why India's healthcare sector needs a national regulator (moneycontrol.com) OCTOBER 04, 2022

Last month, the Competition Commission of India found after a four-year investigation that some big hospitals were charging exorbitant prices for medical services.

Overcharging by hospitals has been a point of contention among patients for a long time. Government insurance schemes like CGHS, or for that matter private insurance companies, fix the prices for reimbursement, but on what basis? There is no answer as there has not been any scientific study on the costing of medical services in our country.

The way out is to have a professional regulator for hospitals who will oversee all aspects from quality in healthcare to the cost of services.

Healthcare has evolved from the 1940 and 50s when the patient had full faith in doctors and hospitals. Today healthcare delivery is very complex ranging from primary to quaternary care and supplemented with ever-evolving technology. In real terms, patient safety has vastly improved (resulting in increase in life expectancy from around 33 in 1947 to 69 in 2020) — but going by the perception in the minds of patients, healthcare today is considered unsafe sometimes as hospitals do not take enough

care in communicating clearly with patients and keeping them in the centre when decisions are taken about the treatment plan.

In a democratic setup, the government is duty bound to regulate those products or services which affect the wellbeing of the community at large. Healthcare comes first.

It is incumbent upon the government to impose a set of conditions, which a healthcare organization must comply with, before and after it is permitted to operate in the country. These should be based on the minimum standards of inspection, enforcement and public accountability.

Accordingly, it needs to be ensured that any hospital offering healthcare services has the requisite infrastructure, personnel, equipment, and has standard operating procedures in place, commensurate with the scope of treatment services it intends to offer.

For example, if a hospital plans to offer tertiary care in neurosurgery, it has to have a doctor with a MCh in Neurosurgery and appropriate diagnostic and therapeutic equipment. Similarly, hospitals need to employ a minimum number of appropriately-qualified nurses for a specified number of beds in the general wards and in critical care wards, and the same goes for other staff, medical equipment, and other infrastructure as per the defined scope of services.

Medical education in India was regulated by the Medical Council of India, which has been replaced by the National Medical Commission. But hospitals as such are regulated by the state governments. For purpose of uniformity, the Government of India introduced the Clinical Establishments (Registration and Regulation) Act in 2010, and passed it on to all state governments to adopt through legislation, because healthcare is a state subject. Out of the 28 states, only 12 are known to have adopted the Act, and even there it is hardly found to be effective. The Act is being implemented directly by the state governments, and there is no independent regulator.

Why Government Should Not Regulate

The global trend is to separate the government and regulatory bodies for the simple reason that any business, and more so healthcare, is too complex to have competency within a government setup. Moreover, the government is the policy making agency. Implementation should be left to specialist, professional and independent bodies.

For example, in India we have quite a few regulatory bodies such as the Telecom Regulatory Authority of India (TRAI), the Food Safety Standards Authority of India (FSSAI), the Insurance Regulatory & Development Authority of India (IRDA), and the Petroleum & Natural Gas Regulatory Board (PNGRB); which are known to have been functioning with very good results. In fact, there is yet another trend where even regulatory bodies rely upon independent conformity assessment bodies. For example, the PNGRB is a lean body and does not have inspectors on its rolls; thus, it utilises the services from QCI-accredited inspection bodies. All this brings professionalism, objectivity, and transparency, which generate credibility and confidence among users.

Balance Equations

Healthcare services in India are at a crossroads. The Ayushman Bharat Yojana, and the National Digital Health Mission are game-changers. At the same time India needs to double to number of hospital beds for treatment to come close to WHO standards. About 85 percent of tertiary care in India is provided by the private sector. Looking at paucity of budgetary allocation for healthcare (1.3 percent of GDP), it is expected that the bulk of future investment will also come from the private sector.

However, there is a negative perception among the public about the private sector, which is often accused of profiteering by providing healthcare, which is a basic necessity. On the contrary, most private hospitals cannot operate in a financially sustainable manner. Universal healthcare is a common good, but private hospitals which offer such services are only partially compensated by the governments.

Quality healthcare is a basic need, and it has direct impact on the wellbeing of society and national productivity. It is in this context that there should be independent/professional regulatory body for hospitals, which will balance both sides of the equation: the patients and the hospitals. Private sector healthcare providers face a plethora of problems, including harassment from the patients' side and from the many statutory agencies. This has dampened fresh investment in the health sector.

Given this, it will be in our national interest to have a professional regulator for hospitals, which can oversee all aspects including pricing of services in a scientific manner. The government only needs to work out how such a regulator will function across all states in India. <https://www.moneycontrol.com/news/opinion/why-indias-healthcare-sector-needs-a-national-regulator-9275121.html>