

NEWS ITEMS ON CAG/ AUDIT REPORTS

1. CAG of India visits Spain to foster bilateral relations with court of accounts (*theprint.in*) 24 April, 2024

The Comptroller and Auditor General (CAG) of India, Girish Chandra Murmu, embarked on a visit to the office of the Court of Accounts (Tribunal de Cuentas) of Spain to strengthen bilateral cooperation, knowledge sharing, and capacity development between the two institutions.

The visit aimed to deepen discussions on the functioning of the respective Supreme Audit Institutions of both nations and explore avenues for collaboration.

During his visit, Murmu engaged in extensive deliberations with Enriqueta Chicano, President of the Court of Accounts, Spain.

Discussions revolved around the respective mandates, organizational structure, audit planning and execution methodologies, institutional independence, and recent initiatives undertaken by both institutions.

Chicano elaborated on the independence enjoyed by the Court of Accounts from the executive branch and highlighted recent initiatives in performance audit and the evaluation of public policies.

Murmu shed light on the recent emphasis placed on leveraging Information Technology, and capacity building in areas such as environmental audit and audit of the Blue Economy, among others.

Both heads expressed mutual interest in strengthening bilateral cooperation and outlined plans to formalize this commitment through the signing of a Memorandum of Understanding (MoU) in the near future.

In addition to meeting with Chicano, Murmu also met Pablo Arellano Pardo, the Comptroller General of the State Administration (IGAE), Spain.

The IGAE, serving as the internal supervisory agency of the state public sector, plays a key role in ensuring compliance with principles of legality, economy, efficiency, and effectiveness.

Acknowledging the commonality of mandates in the accounting function, both dignitaries appreciated how internal audit complements external audit, and aligns with the shared objective of promoting transparency and accountability in governance.

They deliberated on emerging challenges and opportunities stemming from digitization, the development of common accounting formats, and the imperative of fiscal responsibility and debt sustainability for both federal and provincial governments. <https://theprint.in/economy/cag-of-india-visits-spain-to-foster-bilateral-relations-with-court-of-accounts/2054551/>

2. Comptroller and Auditor General of India, Mr. Girish Chandra Murmu, Visits Court of Accounts (Tribunal De Cuentas) Of Spain (*newsonair.gov.in*) April 24, 2024

The Comptroller and Auditor General of India, Mr. Girish Chandra Murmu, visited the Court of Accounts (Tribunal de Cuentas) of Spain, to bolster bilateral cooperation, knowledge sharing and capacity building between the two audit institutions. Discussions between Mr. Murmu and Ms. Enriqueta Chicano, President of the Court of Accounts, centered around audit methodologies, institutional independence, and recent initiatives undertaken by both institutions. Both parties also expressed mutual interest in formalizing their bilateral cooperation through the signing of a Memorandum of Understanding (MoU) in the near future. Mr. Murmu also met with Mr. Pablo Arellano Pardo, the Comptroller General of the State Administration (IGAE), Spain, to deliberate on common challenges and opportunities. <https://www.newsonair.gov.in/comptroller-and-auditor-general-of-india-mr-girish-chandra-murmu-visits-court-of-accounts-tribunal-de-cuentas-of-spain/>

3. CAG of India visits Spain to foster bilateral relations with court of accounts (*jammulinksnews.com*) April 24, 2024

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4. Comptroller and Auditor General of India, Mr. Girish Chandra Murmu, Visits Court of Accounts (Tribunal De Cuentas) Of Spain (*en.etemaaddaily.com*) 25 Apr 2024

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5. सीएजी ने द्विपक्षीय संबंध मजबूत करने के लिए स्पेन का दौरा किया (*epapervirarjun.com*) April 25, 2024

भारत के सीएजी ने लेखा न्यायालय के साथ द्विपक्षीय संबंधों को मजबूत करने के लिए स्पेन का दौरा किया। भारत के नियंत्रक एवं महालेखा परीक्षक (सीएजी) गिरीश चंद्र मुर्मू ने दोनों संस्थानों के बीच द्विपक्षीय सहयोग, ज्ञान साझाकरण और क्षमता विकास को मजबूत करने के लिए स्पेन के लेखा न्यायालय (ट्रिब्यूनल डी वुएंटास) के कार्यालय का दौरा किया। इस यात्रा का उद्देश्य दोनों देशों के संबंधित सर्वोच्च लेखापरीक्षा संस्थानों के कामकाज पर चर्चा को गहरा करना और सहयोग के रास्ते तलाशना है।

अपनी यात्रा के दौरान, श्री मुर्मू ने स्पेन के लेखा न्यायालय की अध्यक्ष सुश्री एनरिकेता चिकनो के साथ व्यापक विचार-विमर्श किया।

सुश्री चिकनो ने कार्यकारी शाखा से लेखा न्यायालय द्वारा प्राप्त स्वतंत्रता के बारे में विस्तार से बताया और प्रदर्शन लेखापरीक्षा और सार्वजनिक नीतियों के मूल्यांकन में हाल की पहल के बारे में बताया। श्री मुर्मू ने हाल ही में सूचना प्रौद्योगिकी का लाभ उठाने, पर्यावरण ऑडिट और ब्लू इकोनॉमी के

ऑडिट जैसे क्षेत्रों में क्षमता निर्माण पर दिए गए जोर पर प्रकाश डाला। दोनों प्रमुखों ने द्विपक्षीय सहयोग को मजबूत करने में पारस्परिक रुचि व्यक्त की और निकट भविष्य में एक समझौता ज्ञापन (एमओयू) पर हस्ताक्षर के माध्यम से इस प्रतिबद्धता को औपचारिक रूप देने की योजना की रूपरेखा तैयार की। सुश्री चिकनो से मुलाकात के अलावा, श्री मुर्मू ने स्पेन के राज्य प्रशासन के नियंत्रक जनरल (आईजीईई) पाब्लो अरेलानो पाडरे से भी मुलाकात की। आईजीईई, राज्य सार्वजनिक क्षेत्र की आंतरिक पर्यवेक्षी एजेंसी के रूप में कार्य करते हुए, वैधता, अर्थव्यवस्था, दक्षता और प्रभावशीलता के सिद्धांतों का अनुपालन सुनिश्चित करने में महत्वपूर्ण भूमिका निभाती है।

लेखांकन कार्य में जनादेश की समानता को स्वीकार करते हुए, दोनों गणमान्य व्यक्तियों ने कहा कि जैसे आंतरिक लेखापरीक्षा बाहरी लेखापरीक्षा का पूरक है, और शासन में पारदर्शिता और जवाबदेही को बढ़ावा देने के साझा उद्देश्य के साथ सरिखित है।

सीएजी ने द्विपक्षीय संबंध मजबूत करने के लिए स्पेन का दौरा किया भारत के नियंत्रक एवं महालेखा परीक्षक गिरीश चंद्र मुर्मू स्पेन के लेखा न्यायालय की अध्यक्ष सुश्री एनरिकेटा चिकनो से मुलाकात करते हुए।

<https://epapervirarjun.com/epapermain.aspx>

STATES NEWS ITEMS

6. ऑडिट के क्रम में कैग टीम द्वारा मांगी जा रही जानकारियों पर चर्चा के लिए मुंगेर विवि की कुलपति ने बुलाई बैठक (*livehindustan.com*) 25 Apr 2024

पिछले कई दिनों से मुंगेर विश्वविद्यालय के वित्तीय क्रियाकलापों की जांच एवं ऑडिट नियंत्रक एवं महालेखा परीक्षक की एक टीम कर रही है। अपने ऑडिट के क्रम में कैग की टीम विश्वविद्यालय से विभिन्न तरह की जानकारी मांग रही है। ऐसे में मुंगेर विश्वविद्यालय की कुलपति ने कैग टीम द्वारा विश्वविद्यालय से मांगी जा रही जानकारियों पर चर्चा के लिए बुधवार को अपने अधिकारियों की एक बैठक बुलाई। बैठक का आयोजन विश्वविद्यालय के सिंडिकेट सभागार में किया गया। बैठक में विश्वविद्यालय के डीएसडब्ल्यूडॉ भवेश चंद्र पांडेय, कुल सचिव कर्नल विजय कुमार ठाकुर, वित्त पदाधिकारी डॉ रंजन कुमार, परीक्षा नियंत्रक डॉ अमर कुमार, नोडल पदाधिकारी डॉ सूरज कोनार, कुलसचिव डॉ अंशुकुमार राय, कुलपति के ओएसडी डॉ प्रियरंजन तिवारी, एनएसएस को ऑर्डिनेटर डॉ रोहित कुमार एवं खेल प्राधिकारी डॉ ओमप्रकाश सहित कई लोगों ने भाग लिया।

बैठक में कुलपति ने अपने अधिकारियों के साथ कैग की टीम द्वारा मांगी जा रही जानकारियों पर चर्चा किया। उन्होंने बताया कि, कैग टीम के ऑडिट का समय समाप्त होने वाली है। शीघ्र ही कैग की टीम अंतिम रूप से बैठक करेगी। ऐसे में इस ऑडिट टीम के द्वारा कई जानकारियां मांगी गई हैं। इनमें से मांगी गई कुछ जानकारियां विश्वविद्यालय की स्थापना से पूर्व की हैं। किंतु, उनसे संबंधित दस्तावेज तिलका मांझी भागलपुर विश्वविद्यालय द्वारा अभी तक हमें नहीं दिया गया है। टीम ने जो भी जानकारी मांगा है उनमें से अधिकांश वित्त विभाग से संबंधित हैं। इसके अतिरिक्त टीम ने नामांकन से संबंधित कुछ जानकारियां भी मांगी है। कुलपति ने बैठक में नामांकन से संबंधित जानकारी कैग की टीम को देने के लिए विश्वविद्यालय के डीएसडब्ल्यू एवं नोडल पदाधिकारी को निर्देशित किया। वहीं, कुलपति ने वित्त पदाधिकारी को वित्त से संबंधित जानकारी समय देने के लिए कहा।

<https://www.livehindustan.com/bihar/munger/story-the-vice-chancellor-of-munger-university-called-a-meeting-to-discuss-the-information-being-sought-by-the-cag-team-during-the-audit-9844219.html>

7. HC upholds Speaker's ruling on CAG report discussion (*meghalayamonitor.com*) April 24, 2024

The High Court of Meghalaya has upheld the decision of the Assembly Speaker Thomas A Sangma to not allow a special motion to discuss a CAG report during the budget session.

The court dismissed the petition moved by the VPP legislator Adelbert Nongrum from North Shillong.

Nongrum challenged the action of the Speaker under Article 226 of the Constitution of India, in not allowing the petitioner to move a special motion under Rule 130A of the Rules of Procedure and Conduct of Business in Meghalaya Legislative Assembly, to raise discussion in the Assembly during the budget Session 2024, on the CAG report on the Social and Economic sectors for the year ending 31.03.2022, for the State of Meghalaya.

The order passed by the Single bench headed by Justice HS Thangkhiew said, "As such, in view of the discussions made herein above, the decision of the Speaker in not allowing the special motion, cannot be held to be illegal or unconstitutional, notwithstanding the fact that the subject matter involves a matter of grave public importance. Judicial review therefore, not being available by virtue of the application of Article 212 of the Constitution, this writ petition is not entertained and is accordingly dismissed."

The Court observed that under Article 122(2), the decision of the Speaker in whom powers are vested to regulate the procedure and conduct of business is final and binding on every Member of the House.

On February 22, a breach of privilege motion moved by Nongrum against the Assembly Speaker Thomas A Sangma for disallowing discussion on a CAG report was also rejected by the House through a voice vote. <https://meghalayamonitor.com/hc-upholds-speakers-ruling-on-cag-report-discussion/>

8. Meghalaya HC upholds speaker's rejection of motion on CAG report, dismisses opposition MLA's appeal (*indiatodayne.in*) Updated Apr 25, 2024

The Meghalaya High Court has upheld the decision of Assembly Speaker Thomas A Sangma to reject a special motion seeking a discussion on a Comptroller and Auditor General (CAG) report during this year's budget session. The dismissal came in response to a petition filed by an opposition party MLA challenging the Speaker's decision.

Voice of the People Party (VPP) legislator Adelbert Nongrum had moved a special motion during the session, seeking a discussion on the CAG report pertaining to the social and economic sectors for the fiscal year ending March 31, 2022, for Meghalaya. However, the Speaker did not allow the motion, prompting Nongrum to pursue legal recourse by challenging the decision in the high court.

In his order, Justice HS Thangkhiew asserted that the Speaker's decision, though involving a matter of grave public importance, could not be deemed illegal or unconstitutional. The court emphasized the finality of the Speaker's authority in regulating the procedure and conduct of business within the Assembly, citing Article 122(2) of the Constitution.

"Judicial review, therefore, not being available by virtue of the application of Article 212 of the Constitution, this writ petition is not entertained and is accordingly dismissed," stated Justice Thangkhiew. <https://www.indiatodayne.in/meghalaya/story/meghalaya-hc-upholds-speakers-rejection-of-motion-on-cag-report-dismisses-opposition-mlas-appeal-990679-2024-04-25>

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. Path for inclusive India lies in decentralisation (*hindustantimes.com*) Apr 24, 2024

Green growth cannot be an afterthought. We need to promote climate-resilient agriculture, regulate construction, and community-led action for lifestyle changes

India has emerged as one of the fastest-growing large economies in the post-Covid period. The United Nations Development Programme (UNDP) confirms that 415 million persons came out of multi-dimensional poverty in India between 2005-06 and 2019-2021. The Covid disruption, however, compromised some of the gains. Recovery is still on for the bottom quintiles. Monthly per capita consumption expenditure (MPCE) has risen. Per capita incomes, however, remain low. Social indicators have improved post-2005, but there is still a very long way to go.

Political democracy has thrived with persons belonging to vulnerable social groups reaching high offices. The constitutional provisions for devolution, however, have not seen funds, functions, and functionaries becoming mandatorily accountable to local governments and communities. There is evidence that this compromises the journey towards more shared growth.

Eight challenges to inclusion require a more deliberative and decentralised approach: Income of the bottom quintiles (wages of dignity); semi-skilled and skilled employment with productivity; learning outcomes in schools (education to employability); improved child nutrition; quality health care for all and public health capacity; life of dignity for urban working class; green growth, a healthy Air Quality Index, and climate resilient agriculture; and nano, micro, small and medium enterprises with adequate credit access.

The southern states brought down income poverty and multidimensional poverty through high adolescent girls' participation in higher secondary/tertiary education, the decline in fertility, improvement in health care services, formation of women self-help groups (SHGs), livelihood diversification through skills and collateral-free bank linkage for SHGs. A sincere effort to emulate the development of the social capital of women's collectives is currently taking place in the entire country under the Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAYNRLM). When these

happen, private investments in manufacturing and services also follow as human capital and skills are key to investment decisions and productivity.

Evidence shows higher devolution leads to higher gains in human development and reduction of multidimensional poverty or an increase in MPCE. It is time to push decentralisation, with professionals and community resource persons (CRPs), in local governments. Responsibilities listed for gram panchayats in the Eleventh Schedule and for urban local bodies in the Twelfth Schedule must devolve to them. The countervailing presence of vibrant social capital of women's collectives will improve accountability and community connect.

If the same set of 20 indicators of human well-being gets monitored real-time, from the level of the gram panchayat to the Prime Minister, with untied financial resources to meet community needs, India will be a very different nation. The Mission Antyodaya framework for monitoring and planning for panchayats is already in place. It can be further tweaked. Employable education and skills alone will unlock the demographic dividend. While governance reforms are needed, there is also a case for additional financial resources for human development routed through local governments. Crafting credible decentralised public (community-owned and led) systems for human capital holds the key to a faster transformation of lives and livelihoods.

We need to connect households to frontline health workers and institutions with local government-led primary health care governance. Improved systems of quality generic drugs with batch-wise testing and digitised warehouses will improve transparency. Family medicine courses for Health and Wellness Centre doctors will be very useful. Preparedness for pandemics requires higher infrastructure and human-resource spending in health.

India needs to improve learning outcomes as the top priority. Children have reached schools, but learning is a serious challenge. They need blended learning using e-learning materials with teachers trained for this; thrust on life skills, sports, cultural activities, co- and extra-curricular activities; TV screens and sound boxes in classrooms; no teacher shortage school wise; panchayats and women's collectives, responsible for schools; and equity in access to e-learning. We need better management of the school system and a system of assessing teacher performance.

The decline of 8 points when it comes to stunting in Sikkim, 6.6 points in UP, and 5 points in Bihar between the National Family Health Survey (NFHS)-4 (2015-16) and NFHS-5 (2019-21), is evidence that the nutritional standards are aspirational but achievable. A community-led movement under the local government for early breastfeeding, clean drinking water, diversity of food intake, growth monitoring, basic medicines in time, sanitation, housing, low pollution, and women's collective-led interventions hold the way to transformation. Daycare centres will be needed in very poor regions.

Skill and education equivalence is needed. Short-, medium- and long-duration interventions that improve the employability of youth are needed in partnership with industry and the services sector. Good teachers and health care providers from India have global demand. General graduate courses must offer employable certificate/diploma/apprenticeship-based opportunities before graduation.

Urban poor need assured public services. The challenge of housing needs a solution. Elected leaders at the basti level will improve direct community-led action along with the mobilisation of women's collectives. Urban-like infrastructure in emerging rural areas, with town and country planning legislation for rural areas as well, will ensure norm- and standard-based development.

Green growth cannot be an afterthought. We need to go by the evidence to promote climate-resilient agriculture, regulate cars and construction, promote less polluting construction technologies and public transport, low-carbon emissions, community-led action for lifestyle changes, to reduce consumption.

Devolution for an Inclusive India is the pathway to shared growth and human capital. <https://www.hindustantimes.com/opinion/path-for-inclusive-india-lies-in-decentralisation-101713968769094.html#:~:text=Eight%20challenges%20to%20inclusion%20require,care%20for%20all%20and%20public>

10. A case for higher RBI penalties (*financialexpress.com*) April 25, 2024

Rather than directing the penalties to the RBI balance sheet, let entities bring that amount as a special-tier equity capital.

Regulatory penalties for financial institutions (FIs) serve as a vital tool against infractions of legal and regulatory frameworks, as well as lapses in fiduciary responsibility and compliance. FIs are more than profit-seeking entities; they represent the bedrock of trust essential for a nation's financial well-being. That is why Indian regulators should shift from passive oversight to assertive enforcement.

Following the global financial crisis, there was a noticeable surge in regulatory fines levied against banks and other FIs. One might question if this uptick was a belated response from regulators, aimed at deflecting scrutiny from their oversight failures during the market turmoil.

Within the domain of the RBI, the fines imposed on its regulated entities (REs) for breaches are low, insufficient, and a "slap on the wrist", failing to instill a sense of deterrence. Every quarter witnesses the penalisation of one or more REs, yet the fines imposed are often trivial. It has levied fines of less than ₹75 crore in a recent 12-month period. It is not a joke that lawyers' fees to read and advise the RE on regulatory penalty and to give "comfort" to the FI's board is more than the penalty.

The RBI must demonstrate its resolve, particularly when its REs repeatedly violate fundamental requirements such as anti-money laundering/know your customer processes. Such lapses cannot be treated lightly. To be fair, the RBI is the most agile and active of the Indian financial regulators. It does not earn anything from such penalties that accrue in its balance sheet. Its intent of penalties is to let the entity know of its displeasure and to nudge them into compliance.

A couple of decades ago, the imposition of penalties on banks would have sparked moral outrage among bank leaders and board members. The current paltry penalties

levied by regulators can be likened to monopoly money — devoid of real consequence. Inadequate penalties fail to instill a sense of accountability among FIs. However, in today's hyper-capitalist environment, supposed moral righteousness can easily be painted by various PR strategies funded by hefty marketing budgets.

Here's a proposal for the RBI: impose hefty fines on REs for violations, ranging in tens and hundreds of crores rather than lakhs, depending on the severity of the infraction. Rather than directing the penalties to the RBI balance sheet, let the REs bring that amount as a special-tier equity capital under a separate category termed "regulatory risk capital".

This designated tier can be publicly disclosed each quarter, shedding light on the bank's struggles with compliance. Not only would this bolster the institution's capital reserves to address deficiencies in regulatory behaviour, but it would also factor in the associated risks. By declaring penalties under this tier, FIs become directly accountable to their shareholders.

Furthermore, in cases of significant breaches, the RBI could implement higher risk weights for deficient products solely for the offending FI. This measure, effective until the next supervisory inspection, would diminish the competitive advantage of the entity in the market, impacting its financial performance and serving as a deterrent against non-compliance.

Presently, FIs readily convene board meetings to acknowledge regulatory correspondence and promptly settle penalties. Depending on the gravity of the transgression, the stock markets may experience a brief reaction lasting one or two days. Numerous investor relations professionals dismiss such penalties as an unavoidable "cost of doing regulated business in India", a stance deemed unjust but accepted as reality. Compounding matters, the presence of former regulators on the boards and advisory boards of many FIs inadvertently lends tacit validation to these occurrences.

When regulators are compelled to pursue compliance from their REs, it reflects unfavourably on the entities themselves. Without a fundamental shift towards a culture of compliance as a core value and integral aspect of conducting business, the outlook for society appears bleak.

Rarely do consumers complain as the time and process complexities are loaded against them. The RBI and other regulators should reconsider using digital tools to have a "customer is right" model of grievance redress. Again they can impose significantly higher financial penalties for any instances of non-compliance or substantial consumer grievances.

Following fines, FIs typically allocate greater resources towards compliance and monitoring efforts. However, the effectiveness of remedial actions often falls short due to inadequate enforcement and monitoring, both internally and by regulatory authorities. This suggests the necessity for bolstering supervisory teams to enhance oversight capabilities, something that the RBI has been scaling its focus on.

By introducing additional capital requirements as penalties and imposing significant financial consequences on management, regulatory authorities can more effectively

incentivise adherence to regulatory standards and foster a culture of compliance within FIs. Significant fines are essential to compel banks, particularly their management and boards, to allocate resources towards bolstering control systems and mitigating unaddressed risks. For FIs, financial performance matters.

But then, concepts like financial inclusion, financial literacy, and consumer protection are the social order of regulators. To ensure that FIs comprehend these social needs folded into regulatory compliance norms and processes, it often requires linking consequences to personal incentives. Call these higher penalties “cost of conduct”. Like a point system in video games, hold these penalties as a way to affect the continued tenure of the management, as well as regulatory nod for any extension or hike in compensation. Bringing in punitive actions that can influence those would be a signboard for better causal behaviour. <https://www.financialexpress.com/opinion/a-case-for-higher-rbi-penalties/3467505/>

11. Redistribution: A Universal Basic Income policy can't turn poverty into history (*livemint.com*) 25 Apr 2024

The politics of redistribution has brought various versions of a UBI into focus. While people in deprivation clearly need relief, a UBI alone can't be relied upon to make poverty a problem of the past.

Election campaigns can generate more heat than light, and now that a war of words has broken out over redistribution between India's ruling party and its chief opponent, we could do with more of the latter. To redistribute earnings from the rich to the poor literally, the idea of a Universal Basic Income (UBI) has been kicking around in policy debates across the world since it was first proposed by Thomas Paine, an American revolutionary, and refined by English writer Thomas Spence in 1797.

The BJP government's PM-Kisan scheme of cash transfers to farmers clearly draws inspiration from it. A poverty-focused version has found its way to the Congress manifesto for the ongoing Lok Sabha polls.

If elected, the opposition party promises to give an unconditional income of ₹1 lakh a year to every poor family. Such a proposal must be evaluated on two aspects: as a durable way to end acute poverty and as a short-term fix for farm-sector distress, stagnant rural wages (or worse), rising household indebtedness and weak demand for consumer goods among the non-well-off, all of which call for attention.

While over 810 million people are officially eligible for free food, those in deep deprivation are estimated at around 220 million. Since poor families tend to be a tad larger than rich ones, it is safe to assume that we have about 40 million very poor households.

If an income transfer is confined to the worst off, the Congress plan would require an outlay of ₹4 trillion. At about 1.2% of GDP, that's not beyond the realm of fiscal viability. Policy critics who decried the rural jobs guarantee of 2005 as an unaffordable waste have come to acknowledge its role in poverty relief. That five more years of post-covid food handouts are deemed necessary by the government stands in mute testimony to the need of direct support.

However, a UBI for the poor is likely to fall short as a long-term solution to poverty, particularly if basics like reliable law-and-order, safe drinking water, quality healthcare and effective primary education are not readily available in rural areas. State funds must address these deficiencies. Mobility barriers need to ease too.

A survey on education outcomes earlier this year reported that 40% of our 14-18-year-olds cannot divide a three-digit number by a single digit. This is for students who have been to school. It points to lacunae of governance and delivery beyond the usual culprit of resource constraints.

So, a UBI cannot be the be-all and end-all of welfare, as some of its champions see it. Nor is development something to be doled out to passive recipients, in the manner of ladling out porridge into bowls of the hungry.

What people need first and foremost is political agency, a basic sense of citizenship with attendant rights and its entitlement to dignity. This generates demand for good education, healthcare and skill acquisition, raising what people earn and helping them emerge from poverty. Land reforms undertaken decades ago in some parts of India are seen to have had such an effect. The key is to empower folks in the spirit of our freedom movement.

Over time, a UBI has been tried out in many parts of the world. Nowhere has it been an unqualified success. In India, regular cash disbursals could offer the poor instant relief, but emancipation from hold-backs need to go hand-in-hand with redemption from poverty, given the role of liberty in achieving better lives.

All said, while a UBI may hold appeal as a policy, perhaps even across party lines, it's not a magic formula to make poverty history. <https://www.livemint.com/opinion/online-views/redistribution-a-universal-basic-income-policy-can-t-turn-poverty-into-history-11713969939543.html>

12. Why an inheritance tax can be an eminently bad idea (*economictimes.indiatimes.com*) Updated: Apr 25, 2024

Ever since inheritance tax was abolished in 1985, it keeps hitting the news from time to time. Many times it is speculated before the presentation of the Union budget if the finance minister would re-impose the inheritance tax. Many countries impose inheritance tax in different ways. Pitroda's comments have brought it back into the discussion again.

Swami Speaks: PM Modi doing more wealth redistribution than Gandhis did when in power

Right after the controversy over Rahul Gandhi's promise to conduct a financial and institutional survey to ascertain who is in possession of the wealth of the country, and then undertake an exercise to redistribute the wealth, another senior leader, Sam Pitroda, Chairman of Indian Overseas Congress, has stoked it further.

Pitroda proposed inheritance tax as a way to redistribute wealth. "In America, there is an inheritance tax. If one has \$100 million worth of wealth and when he dies he can

only transfer probably 45% to his children, 55% is grabbed by the government. That's an interesting law," he said. He later said he was just giving an example. Congress leader Jairam Ramesh said that Pitroda's comments do not reflect the party's position.

Ever since the inheritance tax was abolished in 1985, it keeps hitting the news from time to time. Many times it is speculated before the presentation of the Union budget if the finance minister would re-impose the inheritance tax. Many countries impose inheritance tax in different ways. Contrary to what Pitroda said, the US government does not impose any inheritance tax but only six states do (and one of them is abolishing it next year) and the tax rate varies from 1% to 20%, There are several big exemptions for close relatives and family-owned businesses and also loopholes that can be exploited to avoid the tax.

A dysfunctional tax?

Exemptions, carve-outs and generous lifetime donations mean inheritance and estate tax is a minor source of revenue in most countries and often make inequality worse, a study by Organisation for Economic Co-operation and Development (OECD) had said a few years ago.

Among the worst offenders is the United States, where only 0.2% of estates pay inheritance tax while nearly 80% of the wealth is in the hands of the top 10% richest households. Inheritance or estate tax make up only 0.5% of overall tax revenues on average across the 24 countries in the OECD group of mostly developed countries that have such levies.

The OECD said a majority of estates escaped tax altogether in some countries because of generous exemptions for close relatives and assets such as family-owned businesses.

Policies varied widely among OECD countries, with exemptions on transfers to children ranging from \$17,000 in the Brussels region of Belgium to \$11 million in the United States. Heirs' tax bills could be avoided or reduced in some countries thanks to in-life gifts that often get more favourable tax treatment, the study said. As a result, the effective tax rates paid are often significantly lower than statutory tax rates. In the United States and Britain, the wealthiest households were taxed at lower rates than other wealthy donors.

India's inheritance tax was repealed in 1985 because it neither helped bring down economic inequality in society nor did it contribute significantly to the exchequer. In 1984-85, the total tax collected under the Estate Duty Act was Rs 20 crore, but the cost of collection was very high because the complex calculation structure spawned a lot of litigation.

India levied an inheritance tax between 1953 and 1985. A glance at the budget documents for the early 1980s reveals GoI collected only Rs 2-4 crore in revenue from the tax every year, amounting to about 0.02% of all tax revenue, as per Jay Vinayak Ojha, a project fellow at Vidhi Centre for Legal Policy, "If applied to figures for 2022-23, this would mean a revenue of about Rs 600 cr. For comparison, it costs over Rs 10,000 cr a year to collect direct taxes. Even if the addition of this complex tax did not add to this expenditure, all the revenue generated from it wouldn't even keep its administrators going for a month," Ojha has said.

Why inheritance tax doesn't come up to its promise

While ostensibly inheritance tax makes sense since it is levied only on the super rich and promises large collections, in reality it fails to come up to its promise. Many experts think inheritance tax in India at this stage is a bad idea.

Rupesh Satnaliwala, MD and CEO, Universal Trustees, had told ET a few years ago that the developed countries which impose inheritance tax have a structured social security and retirement plans in place unlike in India. "India is a developing country and still has a long way to go to become a developed economy. We struggle with basic infrastructure issues in India. At the current juncture, we need to keep incentivising entrepreneurial spirit so that more private investment happens, leading to employment and allied opportunities," he said.

Moreover, such a tax can lead to the exodus of the high net worth individual to countries without this tax. These rich individuals will not only take their money out of India but also their entrepreneurial skills which India needs so much when it aims to consistently grow at higher rates.

It is not difficult to dodge the inheritance tax. When in 2017 the buzz about reimposition of inheritance tax started, the rich started devising novel methods to dodge the tax. One such method is forming a family trust which insulates their assets. Family trusts would fall outside the scope of inheritance tax—if it is introduced—because there is no transfer in ownership of assets, only a change in the trust shareholding.

The tax also entails some practical problems. Levied on the value of the deceased's assets and paid by their heir, the tax can translate into a sudden huge financial burden for the heir. When a property that has appreciated several times over decades gets passed down to the heir, the heir might have to sell the property to generate the amount he would be required to pay as tax on the property. Also, it may be very difficult to assess the value of some inherited assets such as family antiques. Ojha cites a famous tax dispute in which the US Internal Revenue Service insisted that rights to Michael Jackson's 'image and likeness' were worth over \$400 mn, and that his heirs owed the government hundreds of millions. However, a tax court found the real value was around \$4 mn. <https://economictimes.indiatimes.com/news/economy/policy/why-an-inheritance-tax-can-be-an-eminently-bad-idea/articleshow/109568032.cms?from=mdr>

13. Inheritance tax a needless debate, not suited for India (*newindianexpress.com*) April 25, 2024

Inheritance tax, also called estate tax, is imposed on the total value of money and property left behind by a deceased individual before it is passed on to their legal heirs.

On April 23, Sam Pitroda, Chairman of the Indian Overseas Congress, supported the Congress party's stance on wealth redistribution and proposed implementation of an inheritance tax law in India, drawing on the model in the US. Prime Minister Narendra Modi criticised Pitroda's "inheritance tax" comment, accusing the party of revealing "dangerous intentions" to seize people's assets and rights.

"In America, there is an inheritance tax. If one has \$100 million wealth and when he dies, he can only transfer 45% to his children, 55% is grabbed by the government.

That’s an interesting law. It says you, in your generation, made wealth, and you are leaving now, you must leave your wealth for the public, not all of it, half of it, which to me sounds fair,” Pitroda had stated in an interview.

So what is the fuss all about?

Inheritance tax, also called estate tax, is imposed on the total value of money and property left behind by a deceased individual before it is passed on to their legal heirs. This tax is usually determined by considering the value of the assets minus any eligible exemptions or deductions. The main goals of inheritance tax are to raise government revenue and facilitate wealth redistribution.

In Japan, inheritance tax rate is 55%, among the world’s highest, with South Korea at 50%. France follows at 45%, and the UK and US at 40%. These rates showcase diverse global approaches to wealth distribution and taxation. Inheritance tax influences economic policies, social welfare systems, and decisions on wealth transfer and intergenerational equity. In India, there is no tax on inheritance as the Inheritance or Estate Tax was eliminated in 1985.

What are experts saying?

As per Ashwini Mahajan, national co-convenor, Swadeshi Jagran Manch, no party has given any serious thoughts on Inheritance tax. It was Congress which repealed it, and BJP despite being in power for 10 years has not done anything to bring inheritance tax. “The issue needs to be discussed and deliberated,” says Mahajan.

As per Sandeep Jhunjhunwala, M&A Tax Partner at Nangia Andersen LLP, such taxes are not suited to India.

“Currently, considering various social, economic and political factors, Corporate and Personal income taxes, including capital gains tax on the direct tax side and GST on indirect tax side have seen a significant surge in the last few years, much beyond the projections and there doesn’t seem to be a need to introduce a new tax without an adequate rationale,” Nangia said.

Inheritance tax could have major implications on family-owned businesses and could create economic disequilibrium. <https://www.newindianexpress.com/business/2024/Apr/25/inheritance-tax-a-needless-debate-not-suited-for-india>

14. Recalibrate States’ data policies (*thehindubusinessline.com*) April 24, 2024

Apart from addressing privacy and pricing issues, the policies need to attune to regulatory changes in the tech space Updated: April 24, 2024

The National Data Sharing and Accessibility Policy (NDSAP) which facilitates easy access and sharing of government owned, publicly funded data, was released in 2012. Soon after its enforcement, multiple States unveiled their respective State data policies (Data Policies). States such as Odisha and Telangana formulated their policies early on

in 2015 and 2016, respectively. While Punjab, Karnataka and Tamil Nadu, among others, adopted data policies state-wide, almost a decade from the NDSAP.

Notably, conscious efforts are being made in these States to integrate emerging tech across sectors. Telangana has announced its intentions to establish an exclusive AI city and to make internet a basic right. Karnataka is partnering with World Economic Forum to institute a centre for AI. It is also looking to deploy AI in operational functions such as law enforcement. Odisha on the other hand is utilising AI in disease detection and in education for exam monitoring.

These efforts are in alignment with the National Strategy for AI which encourages State actors to embody the promise of tech to optimise its operations better. In parallel, such States are also crafting IT/ITeS and start-up policies to attract private investment. Despite having comparable formal IT and start-up policies in place, States such as Uttar Pradesh and Kerala lack cohesive strategies to manage data effectively. Such discrepancy is particularly flagrant, given their self-proclaimed objectives to found AI city and AI hub, respectively, within their borders.

Naturally, for States looking to spur industrial and technological advancement, a robust data governance framework becomes a prerequisite. Since the data policies are largely based on the NDSAP, they possess certain key issues which are typically characteristic of the parent policy.

Secondary literature suggests that the preambles to certain data policies do not envisage privacy and security of citizens' data as a key objective. Given how certain public data may also be of critical nature, the data policy falls short of prioritising the fundamental right to privacy of citizens.

Data pricing is underlined as another sore point. For example, under some data policies, pricing of data is the mandate of the respective data-owner department in terms of policies of the State government concerned. In light of negligible parameters on data pricing, such an expansive provision in the data policy begets arbitrariness and contradiction at the administrative and quasi-judicial levels in the State's machinery. Separately, majority of the data policies of States do not explicitly provide for anonymising non-personal data which has the potential of being reverse engineered into sensitive data depending upon its use. This compounds the security risks that the mandatory data-sharing of non-personal data, may pose.

Other shortcomings

Incremental to the above, data policies are also characterised by other shortcomings which may induce privacy-centric ramifications. There may be personal data implications in respect of metadata (which includes information on Aadhaar, National Population Register, etc.) hosted on: (a) the portal of the implementing agency of a given data policy in a concerned State; and/or (b) the digital public infrastructure of the concerned State. Given the nature of information being made accessible to public at large, there could emerge issues relating to privacy and compliance with the Digital Personal Data Protection Act 2023 (DPDP Act).

Moreover, some data policies provide for data categorisation based on the personal and non-personal nature thereof. Such policies may synonymise the chief data officer so

identified as the owner of the data gathered and published by the concerned State's departments. Other data policies may even contain explicit language affirming that the data and information collected will remain the property of the State department/agency/body which collected them. Provisions like the above, could engender questions regarding consent vis-à-vis both sharing and ownership of data (including personal data).

The vulnerabilities in the data policies may prove critical in the context of the tech-driven overhauls in such States. The data policies, therefore, need to be scrutinised and modified to reflect the contemporary data governance related requirements in respect of public data. Reviewing and updating the data policies will hence help ensure the interests of different stakeholders are duly captured by an up-to-date data management regime. It will also help create a conducive environment for commercial and public activities to thrive. Through this enterprise, such States will become capable of espousing the virtues of a data economy.

Subsequent to the NDSAP, the Ministry of Electronics & Information Technology (MeitY) released the National Data Governance Framework Policy on non-personal data. MeitY also made public the India Accessibility and Use Policy, inviting stakeholders' comments thereon. While such measures signal the intention to create strategic solutions with regard to data management, they remain ad-hoc at best. In this backdrop, State-wide data policies attuned to the regulatory changes in the tech space are sine-qua-non. AI strategies as a complement to such data policies would also be beneficial. <https://www.thehindubusinessline.com/opinion/recalibrate-states-data-policies/article68103017.ece>

15. DRDO's Lightest Bullet Proof Jacket to Counter Level 6 Threat (*bharatshakti.in*) April 24, 2024

Bullet proof jackets were a sore experience for the Indian army, a decade back. The biggest complaint was the jacket's weight which restrained a soldier's mobility, substantially. It was a cumbersome item to wear when on duty as a part of a road opening party in J&K. However, things have taken a different shape altogether, now. Much lighter, but more tensile jackets are being produced today, a large number of them by the private industry. DRDO's progress in literally ensuring that our soldiers are not overburdened by the gear they wear, is also commendable.

DRDO's Defence Materials and Stores Research and Development Establishment (DMSRDE), Kanpur has successfully developed the lightest Bullet Proof Jacket in the country for protection against 7.62 x 54 R API (Level 6 of BIS 17051) ammunition. Recently, this bullet proof jacket was successfully tested at TBRL, Chandigarh as per ^L_{SEP} BIS 17051-2018. This jacket is based upon new design approach, where novel material along with new processes have been used. The front Hard Armour Panel (HAP) of this jacket defeats multiple hits (06 shots) of 7.62 x 54 R API (Sniper rounds) in both ICW (In-conjunction with) and Standalone design. The ergonomically designed front HAP is made up of monolithic ceramic plate with polymer backing which enhances the wearability and comfort during the operation. The areal density of ICW Hard Armour Panel (HAP) and standalone HAP is less than 40 kg/m² and 43 kg/m² respectively.

Secretary Department of Defence R&D and Chairman DRDO has congratulated DMSRDE for the successful development of this lightest bullet proof jacket for protection against highest threat level. Beyond the pat that the leadership has given, the rank and file soldier will be the happiest man with a lesser load to carry. <https://bharatshakti.in/drds-lightest-bullet-proof-jacket-to-counter-level-6-threat/>

16. Judicial probe starts into Kaleshwaram project ‘irregularities’ (*hindustantimes.com*) Apr 25, 2024

The government also urged the commission to look into the financial aspect of the project and technical flaws, if any, like designs, planning and execution in the irrigation project

The judicial commission headed by retired Supreme Court judge justice Pinaki Chandra Ghose on Wednesday began its probe into the alleged irregularities in the construction of Kaleshwaram Lift Irrigation Scheme on Godavari river in Telangana, people familiar with the matter said on Wednesday.

Justice Ghose, who landed in the city, assumed charge at his designated office on the eighth floor of BRKR Bhavan near the Secretariat. He held a preliminary round of talks with the officials and engineers of the state irrigation department to understand the gravity of the situation and record their version on the damages caused to Medigadda barrage on October 22 last year, said the people.

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Justice Ghose will visit Medigadda, Annaram and Sundilla barrages of the Kaleshwaram project from April 25 to 27 and interact with the officials of the project and the implementation agencies as part of its probe, said one of the people quoted above.

The Telangana government had ordered a judicial inquiry into the sinking of piers of Medigadda barrage and leakages in Sundilla and Annaram barrages. The government also urged the commission to look into the financial aspect of the project and technical flaws, if any, like designs, planning and execution in the irrigation project.

“The judicial commission is expected to complete the investigation within 100 days as the time frame fixed by the state cabinet,” state irrigation minister Captain N Uttam Kumar Reddy said. Meanwhile, a senior official of the irrigation department said the state government is awaiting directions from the National Dam Safety Authority on carrying out repairs on Medigadda barrage so as to store the water in the barrage for meeting the irrigation requirement of Telangana.

It wrote to the NDSA last week, seeking suggestions on restoration of three piers that had sunk without causing damage to the remaining portion of the barrage. The National Dam Safety Authority (NDSA) panel, which is investigating the factors that resulted in the structural issues noticed in the barrage, visited the project twice in the past one month and its report is expected only by June end, the official added.

“The state government had requested that an interim report be provided within a month. We are expecting a preliminary report by this weekend and depending on the report, the state government will decide on carrying out repairs,” the official added.
<https://www.hindustantimes.com/india-news/judicial-probe-starts-into-kaleshwaram-project-irregularities-101713986871870.html>