

UPSC CURRENT AFFAIRS NOTES 09-11-2023

Finance Commission

The government has started the process of constitution of the Sixteenth Finance Commission. The government has started the process of constitution of the Sixteenth Finance Commission.

It is a constitutional body for giving recommendations on the distribution of tax revenues between the Union and the States And amongst the States.



The Finance Commission is constituted by the President under Article 280 of the Constitution.

It is constituted at the end of every fifth year or earlier, as deemed necessary by the President.

Parliament may, by law, determine the requisite qualifications for appointment as members of the Commission and the procedure for their selection. On account of this, The Finance Commission (Miscellaneous Provisions) Act, 1951, was passed.

Mandate: It is the duty of the Commission to make recommendations to the President as to:



The distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them and the allocation between the States of the respective shares of such proceeds;

The principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India;

The measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State;

Any other matter referred to the Commission by the President in the interests of sound finance.

Composition:

It consists of a Chairman and four other members appointed by the President.

Qualifications of members:

The Chairman of the Commission is selected from among persons who have had experience in public affairs, and the four other members are selected from among persons who

Are, or have been, or are qualified to be appointed as judges of a High Court; or

Have special knowledge of the finance and accounts of Government; or

Have had wide experience in financial matters and in administration; or

Have special knowledge of economics

Tenure of members:

Every member will be in office for the time period as specified in the order of the President and is eligible for reappointment.

The recommendations of the Finance Commission are not binding on the government.

India's Energy Conservation Building Code, 2017

Recently, the Paris-based International Energy Agency (IEA) talked about India's Energy Conservation Building Code (ECBC), 2017 in its World Energy Outlook 2023 report.

The IEA pointed out that India is unique among developing countries because its rules for energy efficiency in commercial buildings are strong.

In many other developing countries, energy efficiency in buildings is not as advanced.



International Energy Agency (IEA)

Energy Conservation Building Code (ECBC), 2017

International Energy Agency (IEA)

About

The International Energy Agency (IEA) is an autonomous intergovernmental organization based in Paris.

It was established in 1974 by members of the Organization for Economic Cooperation and Development (OECD) in response to the Arab oil embargo of 1973.

Mission



The IEA's mission is to help countries provide secure and sustainable energy for all.

It provides policy recommendations, analysis, and data on the global energy sector.

The IEA also works with governments and industry to shape a secure and sustainable energy future.

Reports Published

- World Energy Outlook
- Oil Market Report
- World Energy Employment Report
- Energy Conservation Building Code (ECBC), 2017

About

The ECBC was first released by the Ministry of Power's Bureau of Energy Efficiency (BEE) in 2007, followed by an update in 2017.

Currently, 23 states have notified rules to enforce ECBC compliance, while large states like Maharashtra and Gujarat are still in the process of drafting rules.

While ECBC acts as a national standard, states across India have the flexibility to modify the code depending on unique regional needs.

To enforce the code, states have to draft rules and notify them as state laws.

Objectives

ECBC sets minimum energy standards for commercial buildings, with the objective of enabling energy savings of between 25 and 50 per cent in compliant buildings.

Applicability



The code is applicable to commercial buildings like hospitals, hotels, schools, shopping complexes, and multiplexes which have a connected load of 100 kW or more, or contract demand of 120 kVA or more.

ECBC is for both new buildings and retrofitting existing buildings.

Tag assigned

Compliant buildings are assigned one of three tags in ascending order of efficiency, namely ECBC, ECBC Plus, and Super ECBC.

ECBC 2017

Compared to ECBC, 2007, the updated 2017 code has additional priorities of renewable energy integration, ease of compliance, inclusion of passive building design strategies, and flexibility for the designers.

Need

ECBC is important as buildings in India account for 30 per cent of total electricity consumption, a figure that is expected to touch 50 per cent by 2042.

As per one report, 40% of buildings that will exist in the next twenty years are yet to be built.

This gives policymakers and builders a unique opportunity to ensure that they are built in a sustainable manner.

Where do states stand in ECBC implementation?

Implementation by states

Although 23 out of 28 states have notified ECBC rules, only 15 states have notified rules based on the latest ECBC, 2017.

These include states like Uttar Pradesh, Punjab, Karnataka, Andhra Pradesh, Telangana, and Kerala.

Five states — Gujarat, Maharashtra, J&K, Ladakh, and Manipur — are yet to notify ECBC rules.

State Energy Efficiency Index



BEE published the State Energy Efficiency Index (SEEI) in 2022, which rated states on various parameters of energy efficiency.

As per the index, Karnataka was the top state in SEEI's ratings for energy efficiency in buildings.

It was followed by Telangana, Haryana, Andhra Pradesh, and Punjab as the top five large states with the best scores.

Bihar was given the lowest score of 0.5 points.

Way forward in India

Recognition by IEA

The IEA recognises India is among the few developing countries that have building codes for commercial and residential buildings.

It further says that the uniform enforcement of it can lead to significant energy savings in the sector.

Energy Conservation (Amendment) Act in 2022

India also passed the Energy Conservation (Amendment) Act in 2022, which further expands the ambit of building codes in the country.

The act provides for the transitioning of ECBC into Energy Conservation and Sustainability Building Code.

This will be done by incorporating measures relating to embedded carbon, net zero emissions, materials and resource efficiency, deployment of clean energy, and circularity.

The act also makes ECO Niwas Samhita, the residential building energy code, mandatory.

This is crucial as residential buildings use 75 percent of total electricity consumed in the building sector.

In the coming months, the government is expected to update ECO Niwas Samhita, following which states will notify rules based on the code.



Climate Services report 2023

Recently, the World Meteorological Organization (WMO) released Climate Services report 2023.

Less than 25 per cent of health ministries across the world utilise climate information and services to monitor health risks related to climate sensitivity.

It highlights health protection as a priority in almost all countries and identifies the need for high-quality information for better decision making.

While extreme heat causes the greatest mortality of all extreme weather, heat warning services are provided to health decision makers in only half of the affected countries;

Climate change mitigation leading to reducing air pollution can save lives; and

Investments to improve the capabilities of the health sector to safeguard the most vulnerable are insufficient.

Key facts about the World Meteorological Organization



It is originated from the International Meteorological Organization (IMO), which was founded in 1873.

It was established in 1950.

It is the specialized agency of the United Nations for meteorology (weather and climate), operational hydrology and related geophysical sciences.

Currently it has a membership of 187 countries.

Governance Structure:

Its supreme body is the World Meteorological Congress, which consists of representatives of all members.

It meets at least every four years to set general policy and adopt regulations.

A 36-member Executive Council meets annually and implements policy.

Headquarters: Geneva, Switzerland.



A Matter of Integrity: As Indian Democracy Matures, CAG's Role is Becoming More Vital

India's democratic journey has always emphasised the principles of individual rights, equality, accessibility, rule of law, separation of powers, universal suffrage, and public participation.

Today, India stands as the world's largest democracy, with a vibrant political landscape, a diverse society, and ongoing efforts to overcome various socio-economic challenges.

The Comptroller and Auditor General of India (CAG) plays a crucial role in this democratic framework.

The Office of CAG of India

The CAG is an independent authority under the Constitution of India (Article 148), who is the head of the Indian audit and account department and chief guardian of the public purse.

Article 148: There shall be a CAG of India who shall be appointed by the President by warrant under his hand and seal and shall only be removed from office in like manner and on like grounds as a Judge of the Supreme Court.

It is the institution through which the government and other public authorities (all those who spend public funds) are held accountable to Parliament and State Legislatures, and hence to the people.

Role of the CAG in India's Democratic Framework

To Ensure Transparency and Accountability

The CAG's primary function is to audit government expenditures and revenue collection. By doing so, CAG maintains transparency in financial matters.

Auditing also holds the government accountable for how it spends public funds.

This is essential in a democracy to prevent misuse of taxpayer money and ensure that the government acts in the best interests of the citizens.

To Safeguard Separation of Powers



The CAG plays a crucial role in maintaining the separation of powers between the legislative and executive branches of the government.

By auditing government finances, the CAG ensures that the executive (the government) aligns its financial activities with the legislative intentions (laws and budgets passed by the legislature).

This upholds the democratic principle that no one branch of government becomes too powerful or unaccountable.

Promoting Good Governance

The CAG's audit findings and recommendations are not just about identifying financial irregularities; they also serve to promote good governance practices.

By pointing out inefficiencies and discrepancies, the CAG encourages the government to streamline its operations and adhere to financial discipline.

This, in turn, can lead to more effective and efficient governance.

The Role of CAG in Auditing the Achievements of SDGs

Integration of SDG Auditing

Auditing the achievements of the SDGs is an integral part of the CAG's audit work.

This shows the commitment of the CAG to evaluate and ensure progress towards the SDGs in India.

To Promote Global Efforts Towards SDGs as a Member of UN Board of Auditors

The CAG is a member of the UN Board of Auditors, a significant international body.

In 2017, the CAG took up the audit of SDGs as a cross-cutting theme in the UN Audit.

This indicates that India is actively participating in global efforts to assess and promote sustainable development.



The Process of Auditing Local Governments and CAG's Role

Primary Audit Responsibility

The primary audit of local government accounts and the issuance of audit certificates are carried out by local fund auditors designated by state governments.

These auditors are responsible for examining the financial records and transactions of local governments.

CAG's Hand Holding Role

The CAG plays a supportive role in improving local governance and strengthening democracy.

This includes capacity building initiatives for state local fund auditors in areas such as audit planning and audit methodologies.

This assistance is provided through Technical Guidance and Support (TGS), as recommended by the 11th Finance Commission.

Manuals and Guidance

The CAG has issued numerous manuals and guidance documents that serve as foundational resources for auditing and accounting by local governments.

These documents help standardise auditing procedures and promote accountability.

Annual Technical Inspection Reports (ATIR)

CAG's state audit offices are responsible for ATIRs.

These reports assess the performance of local governments in delivering services related to devolved functions, focusing on how effectively these services reach the grassroots level.

Addressing the Shortage of Competent Accountants



There is a shortage of competent accountants willing to work in local governments, especially in remote areas.

To address this issue, the CAG, in collaboration with the Institute of Chartered Accountants of India, has initiated online courses.

The Importance of Involving Citizens in the Audit Process

Makes the Audit a Citizen-Centric Approach

Placing Indian citizens at the centre of government program implementation emphasises the fact that they are the ultimate beneficiaries.

This approach aligns with the principles of inclusivity and leaving no one behind, which are key elements of the SDGs.

Citizens' Involvement Places an Onerous Expectation on CAG

There is an onerous expectation on CAG to assess the preparedness and planning of government programs and to monitor and recommend corrective actions for achieving economic, social, and environmental aspirations.

This highlights the critical role of the CAG in holding the government accountable for the success of these programs.

Citizen Involvement is Necessary for Audit Improvement

Citizen engagement is crucial for identifying high-risk areas of possible mismanagement and inefficiencies in governance.

By actively involving citizens, audits can better focus their efforts and become more effective.

Various Stages of Citizen Engagement Framework

CAG's framework for engagement with citizens at various stages of audit encompasses an Audit Advisory Board.

It also includes external domain experts, stakeholders' meetings workshops, beneficiary surveys during audits.



These boards and experts use the results of social audit to aid CAG's audit, lay out audit reports in Parliament, state legislature and also upload them on websites for information of citizens.

Ways to Improve Citizen Engagement

By Leveraging Technology

Leveraging technology and digital solutions make audit's citizen engagement more effective and scalable.

With increasing mobile density, smartphone applications may be used to solicit society's suggestions.

Social Auditing

The Parliament passed the National Rural Employment Guarantee Act, whereby Gram Sabhas were required to conduct regular social audits of all projects taken up under the scheme within the Gram Panchayat.

The Mahatma Gandhi National Rural Employment Audit of Scheme Rules 2011 envisaged social audit units in each state as well as the audit process for social audit and follow-up action.

The ambit of social audit needs to be enlarged.

ELECTORAL BONDS AND ELECTORAL TRUSTS

The Supreme Court reserved its judgment regarding the challenge to the central government's Electoral Bonds Scheme.

Details

The Supreme Court has reserved its verdict on the petition challenging the Electoral Bonds Scheme of the central government, which was introduced in 2018.



The Electoral Bonds Scheme is not the first attempt to regulate donations to political parties by individuals and corporations. In 2013, the government introduced the Electoral Trusts Scheme, which also aimed to facilitate such donations. However, there is a key difference between the two schemes.

The Electoral Trusts Scheme mandated that the electoral trusts, which received contributions from donors, had to disclose to the Election Commission of India the details of the donors and the parties that received the donations every year.

The Electoral Bonds Scheme, on the other hand, allows the donors to remain anonymous, thus raising concerns about transparency and accountability in political funding.

Electoral Bonds (EB) Scheme

Introduction and Purpose

The Electoral Bonds Scheme was introduced by the Government of India in 2018 as a method to channel political donations transparently.

The primary objective was to cleanse the system of political funding by allowing individuals and corporations to donate to political parties using these bonds, which were essentially bearer instruments like promissory notes.

Anonymity of Donors

One of the main features of the Electoral Bonds Scheme was the anonymity it provided to donors. Donors could purchase these bonds from authorized banks without revealing their identity.

This anonymity raised concerns about transparency, as it made it difficult to trace the source of political funding, potentially allowing for undisclosed and unaccounted contribution

Usage and Criticisms

Political parties could encash these bonds in registered accounts and the money would be credited to their accounts without revealing the identity of the donor.



Critics argued that this lack of transparency could lead to the possibility of black money being funnelled into political parties, undermining the democratic process and the principle of transparency in political funding.

Supreme Court Hearing and Challenges

The Supreme Court of India held a three-day hearing on the challenge to the Electoral Bonds Scheme, where arguments were presented both in favour of and against the scheme.

Various stakeholders, including political parties, activists, and legal experts, voiced their concerns about the scheme's impact on transparency and accountability in the political funding process.

Electoral Trusts (ET) Scheme

Introduction and Reporting Requirements

The Electoral Trusts Scheme was introduced by the government in 2013 to bring more transparency to political donations.

Under this scheme, electoral trusts were established entities that collected donations from individuals and corporations and distributed the funds to political parties.

Electoral trusts were mandated to submit annual reports to the Election Commission of India, disclosing details of contributions received from individuals and companies, as well as the donations made to political parties.

Transparency and Accountability

The reporting requirements of the Electoral Trusts Scheme ensured that there was a level of transparency regarding the sources of political funding and the utilization of these funds by political parties.

Donors to electoral trusts were known entities, and their contributions were recorded and reported, allowing for a certain degree of accountability in the funding process.

Implications and Challenges



Transparency vs. Anonymity

The key challenge lies in striking a balance between ensuring the anonymity of donors (as provided by the Electoral Bonds Scheme) and maintaining transparency and accountability in the political funding process (as encouraged by the Electoral Trusts Scheme).

Balancing these aspects is crucial for upholding democratic values and ensuring the integrity of the electoral system.

Judicial Review and Decision

The Supreme Court's decision on the challenge to the Electoral Bonds Scheme holds significant importance. Depending on the judgment rendered, there could be potential reforms or changes in the existing system to address the concerns raised by various stakeholders.

Public Discourse and Reforms

Public discourse surrounding these schemes has led to discussions on electoral reforms, campaign finance regulations, and the need for a more transparent and accountable political funding system.

Reforms in this area are essential to uphold the democratic process and ensure that political parties operate with integrity and are accountable to the citizens they represent.