

How technology can help reduce systemic graft and improve efficiency

No discussion in the technology world today is complete without artificial intelligence (AI), data economy and blockchain, among others. Prime Minister Narendra Modi-led India is on course to lead the Fourth Industrial Revolution and provide innovative solutions for a better quality of life. Modi recently spoke at the World Government Summit in Dubai, launched an AI centre in Mumbai and addressed the global information technology (IT) industry at the NASSCOM-WCIT (World Congress on Information Technology), where his central theme was around digital technology emerging as a great enabler to pave the way for efficient service delivery, governance, and improved access to financial inclusion, education, justice, and healthcare.

Efficient, resilient, and accountable governance systems are essential to successfully manage resources, provide public services, and foster competence. Corruption and secrecy are often at odds with such goals. Unaccounted financial flows undermine development and governance while secrecy in the functioning of government systems weakens the national trust. The “technological revolution” serves as a prerequisite for democracy, while access to information and transparency are key tools in the fight against corruption. The emergence of government platforms has the potential to push forward the anti-corruption agenda through disintermediation, rule-based implementation, citizen empowerment and engagement.

In most countries, digital disruption by government has not kept pace with digital disruption in business. India is an exception. Of the 11 technical systems that have ever broken the one-billion-user mark, everyone of those is privately owned—Facebook and Google being prominent examples. The one exception is Aadhaar and the stack of cloud storage and payment technologies built on top of the same.

Impact on citizens

Taking a people-centric approach to policy, and using technology for mass impact, the government of India launched the biggest financial inclusion programme of all times—the Jan-Dhan Yojana—through which 311.4 million zero-balance accounts have been created. With a biometric verifiable identity and a linked bank account, millions of people eligible for receipt of government services now have a way to access those services digitally, by using the digital infrastructure nicknamed JAM, which refers to the innovative interlinking of Jan Dhan, Aadhaar, and mobile numbers. The government has both created the visionary JAM revolution and employed it as the backbone for social and economic growth. Cutting out middlemen, and gradually putting over 410 schemes from 56 different ministries into the Direct Benefit Transfer (DBT) programme, the government has transferred over Rs2.89 trillion, impacted over 630 million beneficiaries and overall has saved Rs57,000 crore. This saving is being used to reach people who were devoid of benefits.

Over 10.5 million senior citizens now give their proof-of-life from an Aadhaar-enabled system rather than travelling to a pension office. Over 52.7 million Central Board of Secondary Education (CBSE) mark sheets and certificates are now available on the DigiLocker cloud—every Indian’s own digital storage. Data analytics-driven tax systems are powering the Central Board of Direct Taxes (CBDT)’s new “management by exception” engine where tax returns are processed systemically and only exceptions handled by officers. The new regime that includes voluntary e-communication and e-assessments—being rolled out gradually on a national level—will bring in more efficiency, create an environment that instils confidence among honest taxpayers, and uproot corruption.

Impact on government

The benefit of using technology for bringing transparency into government procurement of goods and services is being achieved by GeMs (Government e-Marketplaces). GeMs implement a business-to-business marketplace model to transform corruption-ridden government procurement process. It also creates a transparent and level-playing field for qualified sellers, irrespective of size and “connections”. E-auction platforms have already conducted noiseless auctions for coal mining and telecom spectrum—something that was always in the news for manual gaming of the system.

Traditionally, projects had a habit of getting delayed and going over budget due to lack of coordinated decision-making. The PM’s PRAGATI (Pro-Active Governance And Timely Implementation) platform is a digital dashboard that abates delays and helps in timely decisions and monitoring of key projects and programmes. Several mobile applications—Meri Sadak, for instance—have also been using crowd-sourced citizen feedback to get real-time project status and provide a realistic implementation time frame. The MyGov initiative of the Prime Minister emboldens participative governance by providing a citizen connect to policies and decisions. With public access to dashboards providing updated data on various programmes and schemes such as GARV, Swachh Bharat and UJJWALA, the aim of MyGov is to improve accountability and transparency within the government system.

GovTech 2.0

Budget 2018 very rightly and timely recognized the transformative power of blockchain and AI to foster inclusive development. These technologies are being leveraged for government disruption and the Prime Minister wants India to lead the world with these technologies to address societal challenges while engaging more people in the formulation of governmental policies. India has chosen to embrace digital-led disruption to address its inequitable and inconsistent growth. The country still has a long way to go to reach its full potential. The societal challenges created by digital disruption, both expected and unintended, are real. They will only be addressed with a combination of administrative humility and entrepreneurial determination. But the long-term benefits are real as well. The reality is that India is moving into the future at an unprecedented rate. And the path it is taking to get there is digital.

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1,765 lawmakers face criminal cases

The Centre has informed the Supreme Court that 1,765 members of Parliament and the Assemblies have criminal cases against them.

Of a total 3,816 cases against them, 3,045 are still pending.

Uttar Pradesh tops the list with 248 legislators, Tamil Nadu comes second with 178 and then Bihar follows with 144.

Exclusive courts

The affidavit by the Centre is its first response after the Supreme Court Bench led by Justice Ranjan Gogoi, in November 2017, directed the setting up of special courts to try legislators exclusively within a year.

The Centre has undertaken to set up 12 such courts.

The affidavit said that of the Rs. 78 crore allocated for setting up the courts in 11 States, Rs. 65.04 lakh was released in 2017.

The balance will be released during 2018-19. Tamil Nadu has been allotted Rs. 65 lakh for a year.

Ruling in 125 cases

Compiling information received mostly from the High Courts, the Centre said 125 cases were decided against lawmakers in one year.

The Supreme Court had on November 1 directed the Centre to place before it details of cases involving MPs and MLAs, as declared by the politicians at the time of filing their nominations during the 2014 general elections.

The apex court had directed the government to frame a central scheme for setting up special courts across the country to exclusively try criminal cases involving "political persons".

The court is hearing a PIL plea filed by Supreme Court advocate Ashwini Upadhyay who has sought a lifetime ban on convicted politicians to cleanse politics of criminality and corruption.

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Bring in greater transparency, ethical corporate behavior and enhanced accountability into our corporate governance system: Vice President

Vice President's Secretariat

Bring in greater transparency, ethical corporate behavior and enhanced accountability into our corporate governance system: Vice President

Development is meaningless unless it incorporates the needs of the farming sector;

Vice President suggests measures to improve farmers' income;

Inaugurates 58th National Cost Convention of Institute of Cost Accountants of India

Posted On: 16 MAR 2018 11:43AM by PIB Delhi

The Vice President of India, Shri M. Venkaiah Naidu has said that bring-in greater transparency, ethical corporate behavior and enhanced accountability into our corporate governance system. He was addressing the inaugural session of the 58th National Cost Convention of Institute of Cost Accountants of India, here today. The Minister of State for Law & Justice and Corporate Affairs, Shri P.P. Chaudhary and other dignitaries were present on the occasion.

The Vice President said that no true development can be said to be meaningful unless it incorporates the needs of the farming sector. He suggested six possible drivers of income for farmers' growth, stating that sincere implementation of such measures would double farmers' income by 2022:

1. Diversification of farm activities towards high-value crops and enterprises.
2. Improving irrigation facilities to double productivity.
3. Better price realization for farmers through competitive markets, value chains and improved linkage between field and fork.
4. Improvement in the terms of trade for agriculture.
5. Technology up gradation.
6. Shifting cultivators from farming to non-farm occupations.

The Vice President said that government of India is taking measures to double their income by

2022 adding that food security is one of India's top policy priorities and doubling of farmers' real income is the need of the hour. He further said that talking about the role of professional bodies like ICAI must be in the forefront in the fight against fraud and corruption. You can help bring in greater transparency, ethical corporate behavior and enhanced accountability into our corporate governance system, he added.

The Vice President called on CMA professionals can expedite FDI by effective valuation of assets, liabilities, stocks, properties to facilitate investors to make the right financial decisions and fulfill regulatory obligations. Introduction of GST and the inclusion of anti-profiteering clause in the act, made it mandatory to pass on the benefit of tax reduction or input tax credit to the final customer, he added.

The Vice President said that India is currently reviewing and simplifying laws and procedures and the ease of doing business index has become a popular tool for governments to show that they offer a favorable investment climate for private businessmen. He further said that goal of the youth should be to achieve excellence in their chosen fields and everyone's aim and goal over the next five years should be to usher in the positive changes that make India an inspiration for other countries. The year 2022 is truly significant as it happens to be the 75th anniversary of India's independence, he added.

Following is the text of Vice President's address:

"I have immense pleasure to inaugurate the 58th National Cost Convention of the Institute of Cost Accountants of India. I was more than keen to be present here and interact with all of you as the theme "New India 2022: from Intent to Action" is close to my heart.

It is indeed the right theme as the time has come for building a New and Resurgent India that will take its legitimate place in the comity of nations as a thriving democracy with strong pluralistic foundations.

I am happy that the Institute has taken cognizance of the fact that its professionals need to partner in this pioneering nation-building activity by sensitizing and mobilizing the people to work towards realizing the "Vision - New India 2022".

Friends, as you all are aware, Indian economy has become one of the largest fast economies in the world and is moving in the right trajectory. It is projected to become the third largest economy in the world in the next 10-15 years. However, we all should collectively ensure that there are no hurdles or bottlenecks that pullback the country's onward march. We need to work relentlessly to eliminate illiteracy, gender discrimination, religious fundamentalism and other social evils. We

need to make our governance systems even more robust, transparent, citizen-centric and investment-friendly. We have to ensure that the growth is inclusive so that the fruits of development reach all.

As a matter of fact, the country is blessed with a predominantly young population and the most pressing need is to convert this youth force into a highly skilled and employable human resource to achieve what is commonly described as “the demographic dividend”.

The goal of the youth should be to achieve excellence in their chosen fields. Everyone’s aim and goal over the next five years should be to usher in the positive changes that make India an inspiration for other countries. The year 2022 is truly significant as it happens to be the 75th anniversary of India’s independence.

As you all know, the government has launched various initiatives like Make in India, Digital India and Skill India to improve the country’s economy. Greater thrust is being given for the growth of crucial sectors like power, railways, infrastructure, rural and urban development. FDI has been allowed in many sectors and at the same time, measures were being taken to improve the lot of farmers and double their income by 2022.

Food security is one of India’s top policy priorities and doubling of farmers’ real income is the need of the hour. No true development can be said to be meaningful unless it incorporates the needs of the farming sector.

It is important to look at the possible drivers of income growth for farmers. The first source is diversification of farm activities towards high-value crops and enterprises. National-level data reveals that shifting to high-value crops can quadruple income from the same piece of land. The second source is irrigation, which can double productivity. The third source is better price realization for farmers through competitive markets, value chains and improved linkage between field and fork. The fourth source is an improvement in the terms of trade for agriculture. The fifth source is technology upgradation. Another important source is the shift of cultivators from farming to non-farm occupations. In conclusion, if the above-mentioned six measures are implemented sincerely at the state-level, then farmers’ income can be doubled by 2022-23 in most of the states.

I hope CMA professionals would discuss the issues confronting agriculture sector and articulate a proper roadmap with timelines to achieve the goal of doubling farmers’ income by 2022.

Sisters and Brothers,

India is currently reviewing and simplifying laws and procedures. It is targeting 90 measures

including quicker construction permits and simpler registration of new companies to achieve a higher ranking in the World Bank's annual listing of *Ease of Doing Business*. The ease of doing business index has become a popular tool for governments to show that they offer a favorable investment climate for private businessmen. All of you have an important role to play in the years to come.

CMA professionals can expedite FDI by effective valuation of assets/liabilities/stocks/properties to facilitate investors to make the right financial decisions and fulfill regulatory obligations.

The IBC Code is a revolutionary step as it proposes to transform the credit market in India, which hitherto was malfunctioning due to various problems and malpractices. The benefits of Insolvency & Bankruptcy Code will help in improving stressed assets easily and speedily, thereby, enabling the higher flow of capital in economy.

With the introduction of GST and the inclusion of anti-profiteering clause in the act, it has become mandatory to pass on the benefit of tax reduction or input tax credit to the final customer.

The anti-profiteering rules provide for setting up committees in each state and also a standing committee for verification of data for assessing the impact of GST. The Cost Accountants are empowered for providing such assistance to the Authority which will enhance in decision making.

I appreciate the role played by the Institute of Cost Accountants of India in the industrial and economic growth of the country. The Institute is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

I am aware that the Institute has been at the forefront in remodelling business models for more effective and robust functioning of the Indian economy. The CMAs contribution to the Indian economy is immense as they are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner leading to cost control and cost reduction.

I am happy that the technical sessions at the convention are focusing on the changing dynamics of the corporate regime for realigning with the New India concept. Topics like 'Ease of Doing Business- Contribution of CMAs', 'Insolvency and Bankruptcy Code-CMAs Reviving Businesses', 'Indian Railways- CMA as Game Changer', 'Valuation: A New Perspective' and 'Challenges in Doubling Indian Farmers' Income- Role of CMAs', 'Anti Profiteering: An Opportunity for CMAs' reflect how the corporate sector is reorienting itself to the changing environment.

Finally, I would like to conclude by asking professional bodies like yours to be in the forefront in the fight against fraud and corruption. It is disturbing to note that in some of the recent scams the role of a few chartered accountants came to light. Wrongdoing by even a few will bring bad name to the profession.

You have the onerous responsibility to examine proposals and assess the costs and assist the decision-makers to take informed decisions. Your professional expertise must constantly be enhanced by learning from the best practices within and outside India. You can help bring in greater transparency, ethical corporate behavior and enhanced accountability into our corporate governance system.

I once again congratulate the Institute for organizing this national event of immense importance and convey my best wishes for the success of all your endeavours.

JAI HIND!"

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Matter of mistrust

There's no rule preventing a top banker's or bureaucrat's relative from doing business. But a potential conflict of interest situation arises when that relative's dealings are with someone having significant commercial transactions with the bank or government department concerned. The case of ICICI Bank — involving its managing director and CEO [Chanda Kochhar](#)'s husband, Deepak, and the Videocon Group's chairman [Venugopal Dhoot](#) — is a textbook example of this. As an investigation by The Indian Express has revealed, a Dhoot-owned company, in March 2010, loaned Rs 64 crore to a renewables firm that he and [Deepak Kochhar](#) had jointly promoted only in late-2008. Through a series of complex deals thereafter, the company that extended the loan got wholly acquired by a trust controlled by Deepak Kochhar in April 2013. Well before that, Dhoot had also sold his 50 per cent stake in the renewables joint venture for a paltry Rs 2.5 lakh. What's more, even the transfer of shares in the lending company to Deepak Kochhar's trust was made at just Rs 9 lakh.

But the real issue is not about a lender being subsumed by its borrower, on terms seemingly most opaque. More germane is ICICI Bank sanctioning a Rs 3,250-crore loan to the Videocon Group and this taking place in April 2012, a year before the mysterious transaction involving Deepak Kochhar's trust was concluded. While it may not be easy to establish any quid pro quo here, the question to be asked is: Should Deepak Kochhar have been allowed to do business with somebody, to whose group ICICI Bank had lent large monies? The bank's board has claimed no conflict of interest, despite Chanda Kochhar having sat on the credit committee that sanctioned the loan to Videocon. The loan, moreover, was part of a credit facility aggregating around Rs 40,000 crore extended to the group by a consortium of over 20 banks. Chanda Kochhar couldn't apparently have influenced the credit decision, when ICICI Bank was not even the lead bank of this consortium. Yes, the Videocon loan became a non-performing asset (NPA), but that, by itself, cannot have been ascribed to any nepotism or quid pro quo.

The above arguments, however, simply don't wash. Whether or not Deepak Kochhar's business relations with Dhoot helped facilitate ICICI Bank's loan to Videocon only a detailed investigation can establish. What's not in doubt is a clear conflict of interest and the bank's seeming reluctance to get to the bottom of it. A knee-jerk press release in defence of Chanda Kochhar and talking assurances by the bank's board do not make for a credible institutional response. In fact, it only undermines the bank's leadership. ICICI is after all India's third largest bank by assets. At a time when state-owned banks are facing an unprecedented NPA and corporate governance crisis — the PNB-[Nirav Modi](#) scam is only a manifestation of that — the country cannot afford any public mistrust in systemically important private sector banks.

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