

WHAT IS THE 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.



About 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 finances** 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.**
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[A MATTER OF INTEGRITY: AS INDIAN DEMOCRACY MATURES, CAG'S ROLE IS BECOMING MORE VITAL](#)

Context

- 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 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.**

Conclusion

- Democracy's strength comes from **the combination of accountability and citizen involvement.**
 - While the CAG promotes good governance, transparency, and accountability, **the duty to uphold democratic values extends to both institutions and individual citizens.**
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SC SAYS CRACKER ORDER APPLIES TO COUNTRY, NOT JUST NCR

Why in news?

- The Supreme Court clarified that its order banning the use of barium and other banned chemicals in firecrackers applies to the entire country, and not just the National Capital Region.
- The apex court was hearing an application that sought directions to the Rajasthan government to comply with the top court's orders.

SC orders on firecrackers

- In October 2018, the apex court had banned the production and sale of all crackers except 'green crackers' and those with reduced emissions (improved crackers).
- It also:
 - banned the manufacture and sale of '**joined crackers**' (long rows of crackers joined together),
 - prohibited the use of barium salts in fireworks and
 - said their noise levels should be within permissible limits.
- In 2020, the National Green Tribunal had banned the sale and use of all kinds of firecrackers in NCR.
 - It said that green crackers would be permitted only in cities and towns where air quality was moderate or poor.
- In September 2023, the SC junked a plea by the firecracker manufacturers' association:
 - to allow the use of joined crackers and
 - to add barium with improved additives in green crackers.

Green crackers

- **About**

- Green crackers are so named because they do not contain harmful chemicals that would cause air pollution.
- Components in firecrackers are replaced with others that are less dangerous and less harmful to the atmosphere.
- These crackers emit less-harmful chemicals, and also release water vapour, which acts as dust suppressant.

- **Research done by**

- The idea of producing green crackers was researched by a network of CSIR labs, including Central Electro Chemical Research Institute (CECRI), Indian Institute of Chemical Technology, National Botanical Research Institute and National Chemical Laboratory.

- **Categories**

- The three broad categories of such crackers are **SWAS**, **SAFAL** and **STAR**, developed by CSIR.
- **SWAS** stands for “**safe water releaser**”, and has a small water pocket that is released in the form of vapour when the cracker is burst. This suppresses dust.
- **STAR**, or **safe thermite cracker**, does not comprise potassium nitrate and sulphur, and emits reduced particulate matter at reduced sound intensity.
- **SAFAL is safe minimal aluminium**, which has minimum usage of aluminium, and used magnesium instead. This too emits less noise than traditional crackers.

NATIONAL COAL INDEX

The National Coal Index (NCI) rose 3.83 points to 143.91 in September amid growing demand for coal.



About National Coal Index:

- The NCI is a price index which **reflects the change in the price level of coal on a particular month** relative to the fixed base year.
- This price index combines the prices of coal from all the sales channels- Notified Prices, Auction Prices and Import Prices.

- It has been rolled out on 4th June 2020 and the aim is to have an index that will truly reflect the market price.
- The base year is **FY 2017-18**.
- The concept and design of the Index as well as the Representative Prices have been **developed by the Indian Statistical Institute, Kolkata**.
- The Index is meant to encompass all transactions of raw coal in the Indian market.
- This includes **coking and non-coking of various grades** transacted in the regulated (power and fertilizer) and non-regulated sectors.
- The NCI's upward movement indicates rising demand of coal because of upcoming festive season and winter in the country, which will encourage coal producer to take maximum benefit by further scaling-up domestic coal production to meet the growing energy demands.

[ELECTORAL BONDS & ELECTORAL TRUSTS | WHAT ARE THEY & HOW DO THEY DIFFER?](#)

Why in the News?

- After a three-day hearing, the Supreme Court has reserved its judgment on the challenge to the Central government's Electoral Bonds Scheme.

About Electoral Trusts:

- Electoral Trusts Scheme was notified in January 2013. Under the scheme, any company registered under Section 25 of the **Companies Act, 1956**, can form an electoral trust.
 - Under Section 17CA of the **Income-tax Act, 1961**, any citizen of India, a company registered in India, or a firm or Hindu Undivided Family or association of persons living in India, can donate to an electoral trust.
- These electoral trusts must donate 95% of contributions received in a financial year to political parties registered under the **Representation of the People Act, 1951**.
- The contributors' PAN (in case of a resident) or passport number (in case of an NRI) is required at the time of making contributions.
- The electoral trusts have to apply for renewal every three financial years.

- The number of registered trusts has ranged from three in 2013 to 17 in 2021-22, but only a few of them actually make donations every financial year.

What is an Electoral Bond?

- An electoral bond is like a financial tool used for making donations to political parties.
- The general public can also issue these bonds to fund eligible political parties.
- The bonds play a similar role as banknotes that are payable to the bearer free of interest and demand.
- An individual party can purchase these bonds digitally or with the help of a DD or cheque.
- The electoral bond scheme was launched by the Union government in **2018**.

Difference Between Electoral Trusts & Electoral Bonds:

Electoral Trusts	Electoral Bonds
<ul style="list-style-type: none"> • The electoral trusts route is transparent on contributors and beneficiaries when there is only one beneficiary and one contributor of a particular trust. • However, if there are multiple contributors and recipients of donations, it cannot be specified which company is funding which party. 	<ul style="list-style-type: none"> • Electoral bonds, on the other hand, are exempt from disclosure requirements. • Parties inform the Election Commission of the aggregate donations received through EBs, but give no details of the donors.
<ul style="list-style-type: none"> • Data from nine financial years (2013-14 to 2021-22) show that a total Rs 2,269 crore was routed to parties through the ETs. 	<ul style="list-style-type: none"> • During the period 2017-18 and 2021 political parties got a total Rs 9, crore through EBs.

News Summary:

- The Supreme Court was hearing a set of petitions challenging the Electoral Bond Scheme, on the grounds that they have opened the doors to unlimited, unchecked funding of political parties.
- The court has directed the Election Commission of India (ECI) to provide all data regarding donations to political parties received since the inception of the scheme in 2017-18 up to September 2023.
 - The court reprimanded the ECI for not collecting the data despite its order in 2019 to do so.
- **Central Government's Argument:**
 - During the hearing, Solicitor General argued that the Electoral Bond Scheme was a fair method to ensure that money for political funding flows through proper banking channels.
 - He contended that keeping the identity of donors confidential was necessary to protect them from potential retribution by political parties.
- **Supreme Court's Observation:**

- CJI D Y Chandrachud suggested that the government could devise another system for political donations to address the flaws in the current electoral bond system.
- He emphasized that the goal was not to revert to a cash-only system but to create a tailored system that overcame the deficiencies of the existing scheme.
- The Supreme Court has reserved its verdict w.r.t. the validity of the Electoral Bond Scheme.

FIVE-HUNDRED APERTURE SPHERICAL TELESCOPE (FAST)

Using the Five-hundred Aperture Spherical Telescope (FAST), astronomers from China and Australia have recently discovered five new pulsars.



About Five-hundred Aperture Spherical Telescope (FAST):

- It is a **radio telescope in China's Guizhou Province.**
- It is the **world's largest and most sensitive radio telescope**, with a **receiving area equivalent to 30 football fields.**
- It measures **500 meters in diameter.**
- **Scientific Goals:**
- **Detect neutral hydrogen** at the edge of the universe; **reconstruct the images** of the early universe;
- **Discover pulsars**, establish a pulsar timing array, and **participate in pulsar navigation and gravitational wave detection** in the future;
- Join the International Very-Long-Baseline Interferometry Network to **obtain hyperfine structures of celestial bodies;**
- Perform **high resolution radio spectral survey. Detect weak space signals;**
- Participate in the **search for extraterrestrial intelligence.**
- FAST uses a data system developed at ICRAR (International Center for Radio Astronomy) in **Perth, Australia, and at ESO (European Southern Observatory) to manage** the huge amounts of data it generates.

What are Pulsars?

- Pulsars are **rapidly rotating neutron stars that blast out pulses of radiation at regular intervals** ranging from seconds to milliseconds.
- Pulsars have **strong magnetic fields that funnel particles along their magnetic poles**, accelerating them to relativistic speeds, which **produce two powerful beams of light, one from each pole**.
- **Because the poles of the magnetic field aren't aligned with the axis of spin of the pulsar**, the beams of particles and the light they produce are swept around as the pulsar rotates.
- The **periodicity of pulsars is caused by these beams of light crossing the line of sight on Earth**, with the pulsar appearing to 'switch off' at points when the light is facing away from us.
- The **time between these pulses is the 'period' of the pulsar**.

What is a neutron star?

- When a **massive star explodes as a supernova at the end of its life**, its core can **collapse into a tiny and superdense object** with not much more than our sun's mass.
- **These small, incredibly dense cores of exploded stars are neutron stars**.