

Hiding data - A favourite Obsession

OCTOBER 16, 2021

By Naresh Minocha, Consulting Editor

RAJIV Mehrishi, former Comptroller and Auditor General (CAG), last month disclosed that Modi Government has held back a report he had submitted in April 2020 to end **"a nightmare of accounts that militates against good governance"**.

Mr. Mehrishi, who retired in August 2020, quoted Article 150 of the Constitution as saying **"The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor-General of India, prescribe"**.

He pointed out that none of his predecessors in CAG had offered such advice.

"We departed from that to give a detailed advisory to the President on how the form and manner of keeping public accounts should be".

The instances of dubious governance he cited include 25% of budgeted expenditure classified as expenditure under accounting head **"other expenditure"**

, creation of non-lapsable funds for certain sectors/schemes and lack of uniformity in accounting of welfare and development funds given by the Centre to the States.

Add to this concern the little-noticed fact that Government did not present to Parliament a single CAG report during the monsoon session. The last time when CAG report was presented was 24th March 2021.

CAG already behaves like a lame-duck under the present regime. Its reports lack the usual punch that CAG delivered under UPA and previous regimes. CAG's quantitative and qualitative output is woefully inadequate as compared to its US counterpart GAO.

The outdated CAG's (Duties, Powers and Conditions of Service) Act, 1971 must be amended or replaced with a new one in keeping with Mr. Modi's confession: **"India's 21st century needs cannot be met by the ways of the 20th Century"**

. This vision has been flaunted to rationalize three central farm laws originally sneaked through ordinance route during 2020 lockdown.

The NDA Government should explain as to why it is toeing UPA line by not disclosing its decision on a comprehensive draft of the new Act that CAG submitted in November 2009. Nobody knows what the draft bill envisaged.

As it is, Modi Government has kept the public in dark about the flaws in the defence sector by not making online its CAG reports. The restriction has been imposed ostensibly to safeguard national interests.

Should the public learn about our defence preparedness only through shockers such as Indian Air Force (IAF) shooting down its own helicopter the day Pakistan planes intruded J&K in broad daylight? IAF confessed this **"big mistake"** only in October 2019 months after BJP returned to power.

Should Indians learn about gaps in security only through terrorists' attack on strategic defence installations such as Pathankot airport? Should public not know why Government preferred to buying spying software to acquiring marvellous anti-drone technology from Israel's NSO group? Should CAG not shed light on India's unpreparedness to take on Pakistani drones?

Leave aside CAG, the present Government has not even made public reports of Expenditure Management Commission that it constituted in 2015. The number of undisclosed reports and undisclosed action taken on them require series of quiz contests on mygov.in portal.

The tale of data held back from the public scrutiny is long. The Government for instance, decided in November 2019 to not make public Consumer Expenditure Survey (CES) conducted for 2017-18 under 75th round of National Sample Survey (NSS). The reason given for this shocking decision was **"data quality issues"**.

According to Government, CES generates estimates of household Monthly Per Capita Consumer Expenditure (MPCE) and the distribution of households and persons over the MPCE classes. It is designed to collect information regarding expenditure on consumption of goods and services (food and non-food) consumed by households. The results, after release, are also used for rebasing of the GDP and other macro-economic indicators.

The CES secrecy has had global repercussions as every fourth poorest person on the earth lives in India as per World Bank's 2015 data. **"The lack of recent data for India severely hinders the ability to monitor global poverty"** bemoaned World bank's ' **Poverty and Shared Prosperity 2020** ' Report released earlier this year.

To overcome this data blackout, the WB Report banked several methodologies to approximate a poverty estimate for India to be used in the 2017 global poverty count. The Report says:

"All these estimates are subject to strong assumptions; therefore, considerable uncertainty remains over poverty in India in 2017, and this uncertainty can be resolved only if new survey data become available".

The Government has maintained stony silence on World Bank contention that covid-19 and resulting lockdowns pushed Indian poverty from 2020 to 2016 levels. The pandemic-cum-lockdown created a new class of urban poor.

The Government's hesitancy has led both the WB and International Monetary Fund (IMF) to launch their own initiatives to collect critical data on covid-battered poor in India. An instance in point is Pradhan Mantri Garib Kalyan Yojana (PMGKY) which is heavily funded by multilateral institutions including WB.

According to WB's update dated 2nd November 2020 on its loan project '

Accelerating India's COVID-19 Social Protection Response Program (PMGKY) ',

"The World Bank's COVID-19 SP survey (representative household panel with M&E partners conducted to track results from April to August 2020 and is ongoing) shows that 47 percent of poor (below the \$1.90/day line) are not covered by any of the four targeted cash-transfer programs under PMGKY".

Similarly, a team from IMF's Research Department is studying the distributional impact of COVID-19 in developing countries including India.

According to IMF note ' **COVID-19 Crisis Capacity Development Initiative** ' released on 24th September 2021, the Team is **"working with a longitudinal household survey in India to see how the pandemic has affected income and consumption inequality"**.

It is here pertinent to quote a Study ' **Managing COVID Funds -The accountability gap**

' released by International Budget Partnership (IBP) in May 2021. It analysed 400 covid-linked emergency relief packages in 120 countries during March-September 2020.

The packages were studied from standpoint of transparency, oversight and participation arrangements. It categorized Governments' **"level of accountability"**

in early covid fiscal responses' in five groups from Substantive to Minimal. India figured in the bottom minimal category comprising 32 nations.

The Government is also sitting tight on politically lucrative data on religion and caste of each household in India. It was collected for the first time since the Independence through a specially commissioned project named Socio-Economic and Caste Census (SECC-2011).

Launched in June 2011, SECC was completed in March 2016 at a whopping cost of Rs. 4893.60 crore. While the provisional, macro data on socio-economic aspects was released in July 2015, the data on 46 lakh castes has not been made public as yet. Should only ruling party benefit from this data whose top leaders have access to data by virtue of being cabinet ministers?

The Government's hyper-allergy against negative facts has created big data deficit, which distorts real state of Indian economy and society.

Data deficit is accentuated by discontinuation of practice of making public reports of specially constituted councils. A case in point is Economic Advisory Council to Prime Minister (EAC-PM). It has not made public even one periodic report on state of economy under Modi Government. It used to make public regular ' **Economic Outlook** ' Reports under UPA regime.

Similarly, Finance Ministry's Department of Economic Affairs has not made public a single quarterly report under Modi Government. The last 42-pages '**Quarterly Review**' available of DEA website was released in September 2013. Even the latest available annual '**Indian Public Finance Statistics**' is for 2017-18. DEA issued only five discussion papers in five years. Of these, three pertain to climate change - an easy subject. Why has it not prepared a discussion paper on soaring subsidies/freebies?

What about complex web of overdues of centre, states, local governments, public sector undertakings, private companies and autonomous institutions? What about discussion paper on defining poverty and choosing one of the World Bank's three rates of poverty?

Data deficit has increased enormously after winding up of the Planning Commission. More than 100 working groups made projections for next five years with 10-years perspective in mind for preparation of each five-year plan. Similarly, National Manufacturing Competitiveness Council (NMCC), which was wound up by Modi Government, prepared insightful reports of competitiveness of each industry. All valuable reports have disappeared with the closure of NMCC website. Same is the story with National Innovation Council.

As put by former World Bank chief economist Kaushik Basu, hiding data to please political masters is not only harming the once-stellar reputation of the country but also preventing policy-makers from taking corrective measures.

Dr Basu, who also served as Chief Economic Advisor under UPA regime, last month stated:

"Once you hide data, you are harming India's reputation. And when you hide data, you also can't take corrective measures."

Harm has already been done to Indian image. Look at the latest available Open Budget Survey, 2019 (OBS) released by IBP in April 2020. It covered 117 countries.

As put by IBP, OBS is the world's only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions such as the legislature and auditor in the budget process.

OBS, 2019 gave India 49 out of 100 marks on transparency, a notch below pre-Taliban Afghanistan. Both countries figure in **"limited"** category, which is third out of five categories of budget transparency.

The country's budget transparency score has declined from 68 in 2012 survey to 49 in 2019 survey.

As for public participation in budget process, India scored 11 out of 100. This again is lower than 15 scored by Afghanistan and lower than global average score of 14. India, however, scored 59 out of 100 on oversight parameter.

Yet another platform on which India's image does not look bright is IMF's country reporting mechanism. IMF normally published every year one or more reports on a country after completion of bilateral consultations under Article IV of the IMF's Articles of Agreement.

IMF released last report on India under Article IV on 23 rd December 2019. The IMF staff Report and accompanying Selected Issues Report contain wealth of data. Such reports, including financial stability report, are credible as IMF staff has access to information that Governments don't share with public.

Delay in IMF reports on India is a cause for concern for all stakeholders of Indian economy.