

Comptroller and Auditor General of India

What is CAG?

The CAG (Comptroller and Auditor General of India) is a constitutionally independent office, as written in Article 148 of the constitution of India. The Comptroller and Auditor General is the Apex head of the complete Indian audit and accounts department.

- He/She can be considered the Guardian of India's financial system at the Central and state levels.
- The Comptroller and Auditor General are responsible for upholding the financial laws of India's Parliament.
- Dr. Bhimrao Ambedkar once stated that CAG would be an essential office in the constitution of India. The importance of the CAG is the same as the Supreme Court of India, the Election Commission of India, and the Union Public Service Commission.

History of CAG

CAG's history dates back to 1858, when the British took administrative control from EIC. The first Auditor General was Sir Edward Drummond, who was appointed in 1860.

- Later on, some changes were made to the auditor general of India, and it was restructured as the Auditor and Accountant General to the Government of India.
- Regarding these changes in 1866, the post was renamed Comptroller General of Account which further in 1884 was renamed the Comptroller and Auditor General of India or CAG.
- By the Government of India Act 1990, the auditor general was given the authority of an independent Government, and it was made a statutory body.
- Later in the Government of India Act 1935, the position of auditor general was strengthened by provision for provincial auditors general in a federal setup.
- The Accounts and Audit order of 1936 provided detailed functions of the auditor general.
- This arrangement was in existence till the independence of India. After the independence of India in 1949, article 148 provided the establishment of the Comptroller and Auditor General of India who was to be appointed by the president.
- In 1958 the CAG jurisdiction was expanded to the union territory of Jammu and Kashmir.
- In 1971 the Government of India enacted the Comptroller and Auditor General Act 1971 which provided it with the duties, powers, and conditions of service. It made it accountable for both Auditing and Accounting duties for Central and state governments.

- After 1976, CAG was again relieved from the functions related to accounting.
- With India's pervasive corruption, CAG has been vigilant and has audited and investigated some of the infamous and controversial scandals in the country's history.

Constitutional Provisions of CAG

- Article 148 deals with the appointments, oaths, and conditions of service for CAG.
- Article 149 deals with the Powers and duties of CAG.
- Article 150 instructs the CAG to keep the accounts of the center and state in such a form, as the President may prescribe on the advice of the CAG.
- Article 151 instructs the CAG to submit the reports related to accounts of the union government to the President of India, who can further lay it before the Parliament.
- Articles 279 allows the Comptroller and Auditor General of India to certify and ascertain the calculations of net proceeds.
- Third Schedule, section IV talks about the oaths for the Comptroller and Auditor General of India by the Supreme Court during the assumption of charge.
- The sixth Schedule says that each autonomous district shall have a District Fund, and each autonomous region shall have a Regional Fund, to which all funds received by the District Council for that district and the Regional Council for that region, as applicable, during the administration of such district or region, as the case may be, by the provisions of this Constitution, shall be credited.

Appointments and Terms of CAG

The president of India appoints the CAG. Before taking charge of the office, CAG makes an oath before the president. The oath or affirmation taken by CAG is as follows-

- For bearing the true faith and allegiance towards the constitution.
- Upholding the sovereignty and integrity of India.
- To perform his duties to the best of his abilities and without any fear or ill-will.
- Upholding the laws of the constitution.

The term of service for the CAG is 6 years or 65 years of age or whatever applies first. Also, the CAG is independent to resign from the duty, by following the provisions and officially handing over the resignation letter to the President. In contrast, the President is authorized to remove the CAG from the position, bypassing the resolution from both the houses, on the grounds of unethical activities.

Independence of CAG

To safeguard and ensure the independence of CAG, the constitution provided the following provision-

- The President can remove the CAG only, according to the procedure given in the constitution. Hence, it does not hold his office under the president's pleasure. He is provided with the security of tenure.
- After he ceases to hold his office, he is not eligible to be reappointed under the Government of India or of any state.
- Parliament determines his salary and other service conditions. However, salary of CAG is the same as the judge of the Supreme Court.
- After his appointment, neither his salary nor his rights regarding pension or retirement age, leave of absence, can be altered to his disadvantage.
- The salary, allowances, and pension of the CAG are charged to the Consolidated Fund of India. Thus, there is no need for a vote in Parliament.
- Only after the consultation with CAG, the President can prescribe the administrative power of the CAG and service conditions of persons serving in the Indian Audit and Accounts Department.

Duties and Powers of CAG

Parliament is authorized by Article 149 of the constitution to prescribe the duties and powers of the CAG. Accordingly, the CAG (Duties, power and service condition) act, 1971 was enacted by the Parliament. The duties and powers of CAG are as follows-

- The accounts related to the expenditure from the Consolidated Fund of India, Consolidated Fund of each State, and Consolidated Fund of each Union Territory having a Legislative Assembly are audited by CAG.
- CAG also audits accounts of all expenditures from the Contingency Fund of India or each state and the Public Account of India or each state.
- All transactions related to debt, sinking funds, deposits, advances, suspense accounts, and remittance business of the Central and State government are audited by CAG.
- At the request of the president or Governor, he can audit the account of any other authority such as the audit of local bodies.

Role of CAG

The supreme audit institution brings into focus improprieties committed by the persons holding high offices and safeguards the interest of various stakeholders. The institution assists the parliament in its role to ensure financial accountability of the executive and ultimately to the public that the money approved by the government has been spent for the intended purpose.

If Dr. Ambedkar held CAG as the most important officer, Dr. S Radhakrishnan held that CAG is not responsible to the government but serves the people. Such views reflect the high expectations from the office.

Functions of CAG

The main function of the CAG is to submit the three types of the audit report that is-

- Audit report on appropriation accounts
- Audit report on finance accounts
- An Audit Report on the public undertaking is brought before both houses of Parliament by the president after which the Public Accounts Committee examines them.

Over the years, CAG has played a constructive role in fulfilling its constitutional mandate. For example, in 1962, the CAG report indicted the then Defence Minister V.K. Menon for a contractual lapse in purchasing army jeeps. CAG has also highlighted the irregularities in the 2G spectrum, Mumbai Adarsh Housing Society, and AgustaWestland VVIP choppers.

Latest News Regarding CAG

Recently, there has been a controversy over the appointment of GC Murmu as CAG, whose appointment methodology is being criticised as non-transparent. There is also controversy over reductive pricing with respect to the Rafale fighter jets deal.

Recently, CAG is in the news for not examining the majority of the CAG reports by the Public Account Committee in detail.

According to the former CAG Vinod Rai in his book 'Not Just an Accountant' CAG has played a significant role as the fifth pillar. However, the institution must be reformed so that it can fulfill its constitutional obligations more effectively.