

14. 44 hrs

COMPTROLLER AND AUDITOR-  
GENERAL'S (DUTIES, POWERS AND  
CONDITIONS OF SERVICE)  
AMENDMENT BILL— CONTD

[English]

SHRI SRIBALLAV PANIGRAHI (Deogarh): Mr. Deputy Speaker, Sir, in the pre-lunch Session, I was speaking about the importance and the utility of the institution, that is, the Comptroller and Auditor-General in our system, in our country and in a democracy. It is a very important organ of our democracy. Government accounts and the expenditure drawn on the Consolidated Fund of India are audited by the Comptroller and Auditor-General.

Sir, the Bill appears to be quite innocuous and it intends to remove certain disparities and bring in the provisions for giving certain benefits enjoyed by some other high dignitaries. It intends to bring on par the emoluments and other benefits given to the Comptroller and Auditor-General with that of a retired Supreme Court Judge or something like that, who hold certain offices after their retirement; some assignments are given to them. It appears quite innocuous and as such there should be parity. We do not object to it. But in principle, Sir, I have got certain reservations. What was the harm in continuing with the previous provisions? In the case of certain retired persone, they are getting reemployed or being given some assignments. In that case, they are receiving salary and gratuity and they were receiving it because of their previous services. Some adjustments were being made here and there. There is some confusion. What I mean is that, in toto, even

after retirement when they take up an assignment, whatever salary or whatever benefits that they get should at no time exceed what they were getting while in service.

After service, if they are given certain assignment, well, it should be sanctioned or merit. But they should also be grateful to the Government of India that even after retirement, they are given this assignment. That way, I am of the firm view that no such incumbent should get anything higher than what he was getting at the time of retirement. Supreme Court judges, CAG and IAS Officers, are getting much more.

I was saying earlier about the peculiar situation of our vast majority of people with 40 per cent rotting below the poverty line. And if some Officers, some dignitaries, some incumbents and high Officers vie with each other comparing their emoluments and benefits and if they want to influence the Government to get much more in the name of parity, this should be properly scrutinised. I do not think this was referred to Standing Committee. It would have been had it been referred for detailed examination and scrutiny.

Anyway, I support this parity between two sections of incumbents, high dignified officers who should think above themselves because they are above all these things to be debated on the floor of the House. This is also not very dignified thing. But there is a mad rush for getting benefits. But ultimately how far our economy can bear the burden of this?

While I give my support to this Bill, my request to the Government is that in the days to come, there should be some consideration from this point of principle also.

[Sh. Sriballav Panigrahi]

As regards the role, functions and service conditions, we have our Act about it enacted long before in 1971. Certain things are very clearly provided but certain things also have developed by way of convention about the close association of CAG and his senior officers with the parliamentary committees and that way, the role that they are playing in ensuring executive accountability to legislature is also a welcome feature.

After the securities scam broke out, there are a lot of suggestions being given by knowledgeable people, by experts, by Members of Parliament and even by some Committees about extending or expanding the role of the institution of the Comptroller and Auditor-General. There is a definite suggestion that the audit of the accounts of the Banks, Financial Institutions, should be brought within the purview of the audit of the Comptroller and Auditor-General. Wherever there is any doubt about the audit, any accounts, any herapheri that come to light, then a very reasonable demand is made in different quarters that the accounts of these institutions should be audited by the Comptroller and Auditor-General. Of course, the role and functions of the Comptroller and Auditor-General are manifold. They perform the work of audit of different Government Department's accounts. They submit roughly about 20 Reports to Parliament every year and around 80 Reports to different State Legislatures obviously through the President of India and the Governors of the States concerned respectively. The point is that Parliament can not go in for detailed scrutiny of the Audit Report. Therefore, Committees like the Public Accounts Committee are there. The Comptroller and Auditor-General assists the Committee in the selection of

subjects, in the preparation of background papers, information, memorandum etc., briefing the Members and also helping them in the examination of the witnesses and all those things.

Sir, you know that we have inherited our system from the British System. There, the Comptroller and Auditor-General is a part of the Parliament. He is an Officer of Parliament. In America, the C&AG is responsible to the Congress. But here we have a different system. the C&AG is associated with the Committees. In Parliament what we find is that almost all the recommendations of the Public Accounts Comw whether the Government have held any negotiations. We would like to know what is the result of it. It cannot be delayed like that. The role of the opposition is very important in a parliamentary democracy. This Parliament cannot continue like that. We must know what exactly is the problem. With the majority you have, Government think that it can very well trample everything. It is not correct. But we would like to know about it. This is a very important matter. Already the hon. Speaker has been making himittee etc. are accepted. Of course, there are a few exceptions. We cannot also force the Government to accept everything in its entirety. Whenever they differ, they have to come before the House giving an explanation about how they are not in a position to accept the recommendations. But, by and large, the recommendations should be accepted. They are being accepted. But there is a different story about the States. About the States, sometimes there is inordinate delay in the matter of audit being completed and preparation of Audit Reports, what to speak of submission or presentation before the Assemblies through the Governors. There have been cases of delays in preparation and

presentation of State Audit Reports for various reasons. There has also been inadequacy of time on the part of the Committees at the State level owing to which the Reports could not be taken up for examination. Consequently, many serious financial irregularities remain unattended.

This situation needs to be improved. It is also equally important that the executive should not wait for the recommendations of the committee when they know- because they also appear before the committee- where the shoe pinches and where the loopholes are. So, without wasting time and waiting for the report to come out, they should take action to plug the loophole.

Although the purpose of this Bill is very limited, yet it provides an opportunity for a discussion on this very important institution, that is, CAG.

I conclude with one suggestion that the institution of CAG needs to be further strengthened and to some extent, streamlined. Certain areas can be brought under the jurisdiction of the CAG. Of course, there is a provision of going outside the purview also. When there is a reference made to CAG by the hon. President, hon. Governor or even by Parliament, they perform their job. In respect of public finance, a tragedy over-took us in the name of world's largest scandals, that is, bank securities scam. Therefore, I would even suggest that Government should carefully and seriously give its consideration whether the banks should be subject to the audit by the CAG.

With these few words, I thank you for having given me time to participate in this discussion on this Bill. While lending my support to this Bill. I once, again, place my

viewpoint before the Government about the desirability of enhancing and extending the kind of facilities for this type of institution or dignatories.

SHRI P.G.NARAYANAN (Gobichettipalayam): Mr. Deputy-Speaker, Sir, the Comptroller and Auditor General of India is an important constitutional functionary. Although CAG of India is a very important organ of democracy, his position differs significantly from the CAG of UK and the Controller General of the USA. The role and relationship of the CAG of India vis-a-vis the legislatures is different from the Auditors-General of other democratic countries.

CAG has been regarded by the Indian Constitution as a vital link in the process of establishing public accountability. CAG discharges his responsibility through audit report presented to Parliament which are subsequently examined by the Public Accounts Committee. The duties and powers of CAG are laid down under the Act of 1971. Now a Bill further to amend the Duties, Powers and Conditions of Service is before this august body to give enhanced pensionary benefits to the persons retired as CAG of India before 16th December, 1987. Earlier the Act was amended in 1987 so as to provide that the persons retiring as Comptroller and Auditor General of India on or after 16th December, 1987 will get the enhanced pensionary benefit.

15.00 hrs

Now, while fully agreeing to this proposal, I would like to say a few words about the involvement of CAG.

Sir, a major step towards effective Parliamentary control of Government has been the formation of a number of Standing

[Sh. P.G Narayanan]

Committees. Now-a-days very frequently matters of political importance take up so much of Parliament's working hours and at the same time surveillance of Government's functioning gets only limited attention.

The formation of several Standing Committees should help Parliamentary working more business-like with the Committees looking closely into the wisdom of Government's expenditure and asking questions that Parliament in its normal course of business is unable to do. But, it must be recognised that even the Committees may not be able to address themselves to the needs of monitoring in view of their tight schedule. It is in this context that the involvement of CAG should be seriously considered, in the preparation of performance reports and analysis. The Committee would be better able to perform their work with the CAG assuming this very essential responsibility.

15. 02 hrs

[ SHRI TARA SINGH *in the Chair* ]

Sir, while this would, obviously, demand a change in orientation on the part of the CAG's office, the more important thing is for the Government to accept an enlargement of the duties of this institution within the existing Constitutional provisions. But, at the same time the various Ministries and the Legislature should accept the CAG's assessment of Government policies and should not proceed on the basis that his Constitutional responsibilities are getting over-stretched in the process. When the CAG begins to submit performance reports, the Government machinery and the Legislature must view as a perfectly

legitimate extension of the duties of the CAG under the Constitution.

First and foremost, the Union Budget must be taken up for close examination and generally the working of fiscal policy by CAG. He should also call for weekly report from Reserve Bank of India about the growth in its net credit to the Centre and from the different Central Ministries, the revenue collection and disbursements under different heads on a monthly basis.

Finally, I would like to say a few words about the accountability of financial institutions and the role of the CAG. When the securities scam broke out, fresh demands for audit of banks and other financial institutions by the CAG were made, but the stand of the Government remained unaltered. When the JPC was constituted, many people expected association of CAG with the intricate inquiry. Secondly, since the Government has not thought it fit to enlarge the scope of CAG's audit with regard to Financial Institutions, majority of the financial institutions are out of his audit purview. With these serious limitations, it has become impossible for the CAG to contribute much in this area. The Government and the JPC could have made amends for whatever happened in the past if only the expertise of senior officials of this institution had been utilised to get to the root of the scam. This opportunity has been missed. The active association of CAG would have ensured a more business-like probe. It was not at all fair on the part of the Government to have kept the CAG entirely out of this exercise. In retrospect, I must say that perhaps if the CAG had been empowered, through appropriate legislation, to examine the accounts of public sector banks and other public financial institutions, the security scandal might have been nipped in the bud.

With these words I support the Bill.

SHRI SHARAD DIGHE (Bombay North Central): Mr. Ghairman, Sir, I rise to support the Comptroller and Auditor- General's (Duties, Powers and Conditions of Service) Amendment Bill 1994 moved by the Minister of State in the Ministry of Finance. The Bill is very short and simple and has a very limited object and also small financial implication. The Bill is merely amending two clauses. In fact it is deleting clause (c) of section 3 of the Comptroller and Auditor - General's (Duties, Powers and Conditions of Service) Act, 1971 and adds clause (d) to section 6 of that principal Act.

The effect of deleting clause (c) is merely to put the service conditions of the Comptroller and Auditor -General at par with that of re-employed Central Government pensioners in so far as deduction equivalent of gratuity from his salary is concerned. So, by deleting clause (c) the retirement gratuity which was being deducted from his salary will be stopped and he will get the benefit of that bigger amount. From the Financial Memorandum it appears that for the present incumbent Rs.797 per month will be the addition on this account. Of course, we are giving this effect from 27.3.1990. So nearly Rs.38,000 to Rs.40,000 will have to be paid to the present incumbent as far as arrears on this account is concerned.

The addition of clause 6 (d) to section 6 of the principal Act has a very limited effect. It will give benefit to only two persons or their heirs as stated in the Financial Memorandum:

"This is estimated to involve a onetime payment of Rs.15,257 as arrears of pensionary benefits to one diseased Comptroller and Auditor -General and additional payment to another retired

Comptroller and Auditor -General of India which works out to Rs.32,468 up to 31.3.1994 and Rs.317 per month as Dearness Relief thereafter."

So, in fact it affects according to me the present incumbent and two past incumbents. In all, three people are affected by this Bill. I wonder why the Government has taken so prompt steps for the benefit of these three persons. There are several Government employees and several anomalies in their service conditions, salaries of several categories of Government employees. Instead of directing our attention to the small people, we have taken pains to bring a legislation for the correction of anomalies with respect to these three persons in the whole of India.

I only hope that the Government will show the same enthusiasm and attention as far the anomalies in the case of other Government servants of lower categories and several Government servants, who are spread throughout the country because many times the experience is that several such anomalies are there and Government has no time to look into them and these anomalies remain as they are for a number of years. So, I take this opportunity of urging the Government to look into all these anomalies which may be lying with, perhaps, the Ministry of Personnel and then take similar prompt and urgent steps as are necessary.

Now, two hon. Members, who have spoken earlier have referred to incidentally, the scope and duties of the Comptroller and Auditor General. I would share the views of Shri Narayanan, who just now spoke regarding the scope and duties of the Comptroller and Auditor General that many of these financial institutions which do not come under the purview of this Comptroller



[Sh. Tara Singh]

and Auditor General may be brought in by making suitable rules. As I find from the Constitution, this Office is a Constitutional authority created under Article 148 of the Constitution and Clause 5 of that Article states that subject to the provisions of this Constitution and of any law made by Parliament, the conditions of service of persons serving in the Indian Audit and Accounts Department and administrative powers of the Comptroller and Auditor General shall be such as described by the rules made by the President after consultation with the Comptroller and Auditor General. So, even the administrative powers, etc., are to be made by the rules. I do not know whether the scope of the duties of the Comptroller and Auditor General can be covered by these rules. The Government may examine them if any Constitutional Amendment is necessary. That may be done and this good institution may be utilised fully. As far as our financial institutions and other departments are concerned, our experience has been that the Comptroller and Auditor General's Reports are very valuable. Many times they point out several deficiencies in the different departments of the Government and sometimes we are also surprised in the Public Accounts Committee when such deficiencies are brought to the notice of the Committee and subsequently, to the notice of the Parliament. Therefore, serious review may be taken as far as the scope and powers of Comptroller and Auditor General and if this institution can be further utilised to increase the accountability of the executive to the Parliament. That may also be thought over as early as possible. With these words, I support this Bill as brought before this House.

SHRI LAKSHMAN SINGH (Rajgarh):

Sir, I support this Comptroller and Auditor General (Duties, Powers and Conditions of Service) Amendment, Bill, 1994.

In our Constitution, it is clearly mentioned in Chapter 5, Article 148 (1) that the President of India has this office under him and the Comptroller and Auditor General of India can be removed from his office in the like manner and on the like grounds of a judge of the Supreme Court. Sir, when he can be removed in the like manner of the Supreme Court judge, I am sure he is entitled for similar emoluments and salary as of a judge of the Supreme Court, which is mentioned in this Bill.

Sir, it is very necessary to strengthen the CAG, because the CAG is doing dual functions. He is doing the function of a judge as also the function of a policeman by going into the detailed accounts and finding out irregularities in Government accounts. A number of scandals have come out in the past due to CAG's findings. Recently, the accounts of the Sports Authority of India were audited and it was found that a number of investments, which were made, were of no avail and the equipment that was bought for the sportsmen was still lying unused.

In Madhya Pradesh, the State where I come from, when my friends in the Opposition were running the Government, there was a very big scandal of purchase of X-Ray machines. Crores of rupees were spent in purchasing X-Ray machines by the Health Department. Only five per cent machines were installed and the remaining ninety five per cent of the X-Rays machines were lying unused and were in a terrible state. That is why, I again stress on strengthening the office of the CAG.

Shri Somayya, the former CAG had recommended that the nationalised banks

should be brought under the purview of the CAG. I do not understand why till now we have not done that. I fully support Shri Somayya's view and I strongly feel that all nationalised banks must be brought immediately under the purview of the CAG, so that in future we will have no banks scam.

The investment in share capital of 294 public sector undertakings in 1992 was staggering, Rs.45,000 crore and the dividend paid was only Rs.733 crore. It is a return of even less than two per cent. This is the condition of our public sector undertakings. The Audit Report of 1992-93 says that 26 public sector undertakings invested Rs.9,432 crore with banks. The surplus funds were invested in foreign banks and other mutual funds. BHEL invested not the surplus funds but the money which they had drawn from the credit facilities. These things are unpardonable in a democratic country like India and I feel that the CAG must be further strengthened.

Sir, recently, we have come across the Security Scam of Rs.6,000 crore; even the amount is not yet known. At one stage we are allowing such serious bunglings with Government funds and on the other hand, we are having the hunger deaths in Orissa. Now, those hungry people are watching everything. They are watching us, they are watching the people sitting in the Government. If these things are not checked, if these bunglings are not checked, we are on the threshold of a revolution.

So, it is all the more necessary to prevent any kind of scam in future.

I agree with my friend who recommended that C & AG should be involved in the Standing Committees of Parliament. Since all our friends in the Opposition have resigned from the Standing Committees of Parliament, I think this is the best time to include the C&AG in all the Parliamentary Standing Committees. Sir, I thank you for allowing me this time and, once again, I stress that C & AG must be strengthened and should be given more powers.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI  
M.V.CHANDRASHEKHARA MURTHY): Mr.  
Chairman, I am thankful to those Members who have participated in this discussion and I wish to inform the House, through you, Mr. Chairman, that we have come before this House through this Bill only for a specific purpose.

Firstly, the Bill provides for amendment to the Comptroller and Auditor- General's (Duties, Powers and Conditions of Service) Act, 1971 and the Act was further amended in 1987, which raised the pension of C&AG to the level of the judges of the Supreme Court. However, this benefit was not admissible to former C&AGs who had retired before the amendment came into effect in 1987. That is why, by this amendment, it is proposed to allow the benefit to the former C & AGs also. This has to be done because wherever there are amendments to the pensions of the Supreme Court judges, it is applicable to them irrespective of their date of retirement. Hence, we have come with this proposal before this House.

Secondly, the proposal deals with the

[Sh. M.V. Chandrashekhara Murthy]

was raised by the hon. Member, Shri Panigrahi. This provision of not deducting the pension equivalent to gratuity is to bring the C&AG at par with the Central Government employees, for whom the provision is made since 1986. Shri Panigrahi also mentioned about re-employed persons. Even in that case, the amount of pension which is to be commuted, will still be deducted from the salary.

Further according to the Office Memo issued by the Department of Personnel and Training and Department of Expenditure, the pension equivalent to gratuity is not deducted in the case of re-employed pensioners and retired judges. The same is now being made applicable to C&AG also.

Therefore, we have come before this House with the proposal to amend the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 so that the pension equivalent to gratuity is not required to be deducted from the salary of C&AG on or after 27th March, 1990.

Hon. Member, Shri Dighe has expressed serious concern about the lower level Government employees. I also share the concern of the hon. Member. The government has already constituted the Fifth Pay Commission which will look into the pay and allowances and pay structure of the lower level Government servants.

Mr. Chairman, Sir, through you, I appeal to the entire House to pass this Bill unanimously.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the

Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN: We shall now take up Clause by Clause consideration of the Bill.

The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

*Clause 2 was added to the Bill.*

MR. CHAIRMAN: The question is:

"That Clause 3 stand part of the Bill."

*The motion was adopted.*

Clause 3 was added to the Bill.

MR. CHAIRMAN: The question is:

"That Clause 1, Enacting Formula and the Long Title stand part of the Bill."

*The motion was adopted.*

Clause 1, Enacting Formula and the Long Title were added to the Bill.

SHRI M.V.CHANDRASHEKHARA MURTHY: Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*