

puty-Speaker]

of the reasons given is the failure to ask the refugees to their homeland after the problem of Bangla Desh. May I those hon. Members who are in favour being granted to rise in their places ?

THE PRIME MINISTER, MINISTER OF AGRICULTURE, MINISTRY OF ELECTRICITY, MINISTRY OF HOME AFFAIRS, MINISTRY OF INFORMATION AND PUBLIC RELATIONS (SHRIMATI INDIRA GANDHI) : But he is not here.

MR. DEPUTY-SPEAKER : Yes, he is not present. So, it is not moved. I will pass it to the next item.

AN HON. MEMBER : Sir, he has come.

MR. DEPUTY-SPEAKER : But it is late now. When it was taken up he was not here to move it.

SHRI SAMAR GUHA (Contai) : I rushed in as soon as I heard about it.

MR. DEPUTY-SPEAKER : He should have been here earlier. As a very responsible member he should have been more alert.

SHRI SAMAR GUHA : Sir, you have raised the question of responsibility..... (Interruption).

MR. DEPUTY-SPEAKER : Order, order. I will repeat the No-confidence motion sent by Shri Samar Guha : —

"That this House expresses its want of confidence in the Council of Ministers."

The reasons given are :—

"Failure to send back the refugees to the homeland after solving the problems of Bangla Desh."

Now, I have to take the leave of the House.

SHRI SAMAR GUHA : No, Sir. According to the advice of friends in the Opposition parties, I do not want to press it today.

SHRI ATAL BIHARI VAJPAYEE (Gwalior) : I am glad that he has accepted our advice.

MR. DEPUTY-SPEAKER : Now we go to Bills for Consideration.

SHRI CHINTAMANI PANIGRAHI (Bhubaneswar) : Sir, in Orissa there was a terrible cyclone in which 20,000 lives had been lost. We have given some notice of motions about that. We have lost so many lives and property.

SHRI S. M. BANERJEE (Kanpur) : A statement should be made regarding the cyclone.

MR. DEPUTY-SPEAKER : A statement has been laid on the Table.

SHRI S. M. BANERJEE : That is on the flood situation, not on the cyclone in Orissa.

MR. DEPUTY-SPEAKER : The statement on the havoc caused by the cyclone has been laid on the Table of the House. Kindly read that and come forward with what you want to say about it.

15.17 hrs.

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

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : Sir, I beg to move* :

"That the Bill to determine the conditions of service of the Comptroller and Auditor-General of India and to prescribe his duties and powers and for matters connected therewith or incidental thereto, be taken into consideration."

Hon. Members are aware that the Constitution gives a very special position to the

*Moved with the recommendation of the President.

Comptroller and Auditor-General and one special chapter deals with the functions, duties and service conditions of the C&AG. At the present moment his duties and conditions are controlled and determined by three sets of provisions, which are : The Comptroller and Auditor-General (Conditions of Service) Act, 1953 ; the provisions of paragraph 12 of the Second Schedule of the Constitution ; and the Government of India (Audit and Accounts) Order, 1926.

If we look to article 149 of the Constitution, we find that the functions and duties of the C&AG are indicated there. Article 149 reads like this : —

"The Comptroller and Auditor-General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States and of any other authority or body as may be prescribed by or under law made by Parliament and, until

"provision in that behalf is so made, shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were conferred on or were exercisable by the Auditor-General of India immediately before the commencement of this Constitution"

It is in fulfilment of this that we have undertaken this legislation. As you are aware a similar Bill was introduced in the last Lok Sabha and a Joint Committee went into the provisions of that Bill. A report was also submitted by the Joint Committee. But as the Bill could not be proceeded with further, it lapsed. We have again come forward with a fresh Bill for the consideration and acceptance of the House.

While drafting the present Bill, we have taken into account all the recommendations made by the Joint Committee except one. I will give the reasons, if at all it is necessary to give, when we come to the clause-by-clause consideration.

I do not want to take much time of the House by repeating many things which are mentioned in the Statement of Objects and Reasons and the Explanations given in various clauses. I would just mention some of the im-

portant features of this legislation which, really, speaking, introduce for the first time some new aspects.

As far as the functions towards compilation of accounts and auditing of accounts of the Union Government and the State Governments are concerned, we have retained the same powers and the same position. But we have made certain changes in the conditions of services in the sense that the present Bill equates the position of the Comptroller and Auditor-General with that of the Supreme Court Judge. Even previously, the salary of the Comptroller and Auditor General was Rs. 4,000. We have said that it will be equal to that of the Supreme Court Judge. Formerly, the tenure of office was supposed to be for six years. We have maintained the six years period, but, at the same time, we have introduced an age-limit. If he attains the age of 65, even though he may not have completed six years, he will retire. Certain changes in the pension also are made which, I think, are a sort of improvement on the previous situation. I do not want to go into details because it is all provided in the clause itself.

As far as the duties and powers are concerned, the most important thing that we have introduced is that the Bill provides for audit by the Comptroller and Auditor-General of accounts of bodies or authorities substantially financed by grants or loans from the Consolidated Fund of India or a State or of a Union territory having a Legislative Assembly and, for this purpose, a grant or loan will be treated as substantial if it is not less than Rs. 5,00,000 and constitutes not less than 75 per cent of the total expenditure of the body or authority in a financial year.

This is an additional authority or responsibility that we have given to the C.A.G.

At the same time, the Bill provides for scrutiny by the Comptroller and Auditor-General of the procedures by which an authority sanctioning a grant or a loan to any body or authority satisfies itself as to the fulfilment of the conditions subject to which the grant or loan was given and for this purpose gives him the right of access to the books of the body or authority with certain exceptions.

There are two other special points which I would like to mention before I conclude. The

[Shri Yeshwantrao Chavan]

Bill provides for the audit by the Comptroller and Auditor-General of all receipts which are payable into the Consolidated Fund of India or of a State or of a Union territory having a Legislative Assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on assessment, collections, etc., and to report thereon.

The C.A.G. can also undertake the audit of the accounts of any authority or body not otherwise entrusted to him by or under any law made by Parliament provided such request is made in public interest. And after consultation with the C.A.G. and after giving a reasonable opportunity to the body or authority for making representations with regard to the proposal for audit by Comptroller and Auditor-General, he can undertake the audit work there.

These are some of the new features of the present Bill. I think, it covers a wide gap or rather defines more specifically the duties of the Comptroller and Auditor-General. I think, this Bill was overdue which would have been accepted by the House in the last Parliament. But, anyhow, we have taken now the first opportunity in this Parliament to bring the Bill for the acceptance of this honourable House and, I hope, this honourable House will accept it.

श्री अटल बिहारी वाजपेयी (बालियर) :
उपाध्यक्ष महोदय, जब मैंने अमेन्डमेंट का नोटिस दिया तो मुझे बतलाया गया कि शनिवार को छुट्टी थी। उस के बाद आज ही तो दे सकता था।

MR. DEPUTY-SPEAKER : Amendments to the clauses—I think we shall accept them, but at that time.

SHRI ATAL BIHARI VAJPAYEE : But let the hon. Minister be given a copy of my amendments.

SHRI SEZHIYAN (Kumbakonam) : About the recommendation of the Select Committee on inclusion of the Food Corporation under the purview of the Comptroller and Auditor-General, the hon. Minister said he will be giving his reasons for non-inclusion of the recommendation in the present Bill. May I know the reasons?

MR. DEPUTY-SPEAKER : You are to speak on the subject.

SHRI YESHWANTRAO CHAVAN : About the Food Corporation of India, I said that even during the Joint Committee, we had considered this question and we have decided that instead of amending this Bill, it is much better to amend Food Corporation Act itself and that we have accepted. This is a commitment on behalf of the Government.

MR. DEPUTY-SPEAKER : Motion moved :

"That the Bill to determine the conditions of service of the Comptroller and Auditor-General of India and to prescribe his duties and powers and for matters connected therewith or incidental thereto, be taken into consideration".

SHRI SOMNATH CHATTERJEE (Burdwan) : As the hon. Minister himself said, it was long overdue that a comprehensive legislation should be brought as contemplated by Art. 148 and 149 of the Constitution. But, I am sorry to observe that many of the loopholes and drawbacks which were noticed during the operation of the previous legislation in this regard are still not removed. Particularly, I wish to draw the attention of the House and the hon. Minister to the fact that there is total absence of any provision with regard to the audit staff under the organisation of the Comptroller and Auditor-General. As we all know, auditing which comprises of compilation of accounts, their scrutiny, detection of irregularities and formulation of audit objections and other related matters are initially and primarily done by the sub-ordinate staff, namely, the auditors and accountants. But, unfortunately, there is no provision to give some statutory status to these auditors and accountants who do the most important part of the work.

With a view to maintain the independence of the Comptroller and Auditor-General the Constitution has made provision. No doubt it is desirable that he should be above all influences and above all executive interference. But, it is equally important that the staff which aid and assist the Comptroller and Auditor-General should also be given proper status and it should be laid down in the statute itself and they should not be amenable

to any influence or executive interference. These days it is known even arbitrary provisions like Art. 311 are taken recourse to with a view to dismiss Government employees from service. These are the persons who are completely at the mercy of the Government so far as their service conditions are concerned. Therefore, my submission is that the staff at various levels should be given proper statutory recognition and statutory status and they should be brought under the Comptroller and Auditor-General, not the Finance Ministry as such.

I was surprised to know that the Auditors and Accountants are now classified as mere Upper Division Clerks in terms of salaries and status and in view of this the audit staff do not command the respect and authority in the subordinate offices in respect of whose accounts they have to do the auditing and accounting. Therefore, it is a very important matter which I request the hon. Finance Minister to take into consideration and, if necessary, he can bring forward a supplementary legislation or move adequate amendments. This is not only the view of persons outside the organization but I find that the two previous Comptrollers and Auditor-Generals themselves, Mr. Roy and Mr. Chanda, are of the same opinion. They also said that to really keep the independence of the organization, the staff should be kept or brought under the control of the Comptroller and Auditor-General himself and they should be given some independent status free from the control of the Finance Ministry. Therefore, my first submission is that this is a matter which was noticed earlier in the process of implementation of the previous legislation but that drawback and loophole still remains.

The other point that I wish to draw the attention of the House to is that although in some respects wider and greater powers are being given to the Comptroller and Auditor-General, with regard to auditing of various accounts, his powers are sought to be whittled down. Sir, I find this in the proviso to Clause 19. It is said that the President may, 'after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for keeping the accounts of any particular class or character.' While this provision is made for consultation, it is not obligatory on the part of the Government or of the President to accept the advice given by

the Comptroller and Auditor-General in respect of various matters brought to his notice. If the decision of the Government be to relieve the Comptroller and Auditor-General of his obligation to keep in the accounts, then the whole section, that is, Section 19 becomes completely infructuous. They are merely consultations. Provision of mere consultation cannot safeguard the independence of the Comptroller and Auditor-General or his organisation or his powers nor does it give protection for independence from the executive in so far as the exercise of those powers are concerned. This is a fundamental question because, you will find this not only in Clause 10, but also in other provisions like Clause 15. In Clause 15 similar provision is made.

My submission is that so far as these powers are concerned, it should not be left to the Executive to relieve the Comptroller and Auditor-General of those powers in respect of any chosen authority, or chosen Ministry or chosen accounts.

Then, the other point to which I wish to draw the attention of the hon. Minister is this. This is the question of extending the powers of the Comptroller and Auditor-General regarding control of various statutory bodies and authorities, to cover institutions like nationalised banks, Reserve Bank of India, dealing with transactions relating to foreign exchange, and the Industrial Finance Corporation and the Life Insurance Corporation of India. With a view to keep proper checks on the spending of public money through these agencies, which have become important agencies, it is necessary that the Comptroller and Auditor-General should be enabled to carry out the responsibility of keeping the accounts of these institutions and bodies.

Regarding the Food Corporation of India, the Finance Minister has given an assurance that appropriate action will be taken. But I would like to know as to why we cannot put it clearly when we are dealing here with the functions of the Comptroller and Auditor-General, in a comprehensive Act of this kind. Why should this power be spread out and enumerated in so many different Acts? Why cannot all these things be brought under this very Act which is sought to be a comprehensive legislation.

[Shri Somnath Chatterjee]

So, our submission is this. This is a matter which should be non-controversial matter. We want the independence of the organisation and the independence of the office and this should be kept above any possible reproach. It is more and more necessary that the wide powers which are given and safeguarded by the Constitution should be utilised for the purpose of checking the accounts of these important statutory corporations and bodies. This will allay the fears and suspicions in the public mind regarding the proper utilisation of the resources of the nation, in accordance with the accepted norms of accounting and audit.

Therefore, Sir, these are the aspects which we wish the Government to take into consideration. Subject to what I have submitted, we are supporting this Bill. Thank you.

SHRI P. VENKATASUBBAIAH (Nandyal) : The hon. Finance Minister while introducing this Bill and also the recommendations of the Joint Committee on this Bill has indicated certain changes which have been made in this Bill with regard to the functions of the Comptroller and Auditor-General.

One important amendment that he has accepted is with regard to the salary of the Comptroller and Auditor-General, namely, that it has to be on a par with the salary of a judge of the Supreme Court. This is a good provision that has been accepted by Government because it gives a status for the Comptroller and Auditor-General who has to perform the very onerous and responsible duty of keeping a watch on the public finances of this country.

The Comptroller and Auditor-General plays a very crucial role with regard to public finances. But I find that neither in Part V of the Constitution nor in the subsequent Acts that have been framed nor in the present Bill has it been indicated in what manner the Comptroller and Auditor-General will assist the Financial Committees of Parliament. For instance, till now, the PAC is being assisted by the Comptroller and Auditor-General on the basis of certain paras that have been submitted to the PAC. It would have been better if a specific reference had been made in the duties and functions of the Comptroller and Auditor-General to his relationship *vis-à-vis* the financial committees of Parliament.

Though we have not adopted the American Constitution in actual working, as far as I have been able to understand, in America, not only the President or the executive authority can make a reference to the Auditor-General, but if certain allegations are made against certain Departments by any member of the Senate or any representative of the people, the Auditor-General is bound to go into those allegations and send a report to the member. That may not be possible in our country, but at least it should be incorporated in the functions and duties of the Auditor-General that whenever the Chairman of a financial committee whether at the State or Central level refers any matter involving certain irregularities or certain misuse of funds in any Department, then it would be the bounden duty of the Auditor-General to go into the matter and report to the chairman of the financial committee concerned. I would only like that a clear and specific reference be made with regard to the giving of assistance by the Comptroller and Auditor-General to the financial committees.

As you know, the financial committees get only such of these audit paras as have been sufficiently filtered down by the Audit Department. So, only a very few paras will come to the notice of the Comptroller and Auditor-General. So, if no assistance is given by the Comptroller and Auditor-General it will not be possible for the financial committees to function in the manner in which they are intended to function, namely to go into the entire gamut of functioning of a particular department, and see whether the irregularities have been dropped for sufficient reasons at the lower level or whether they have been dropped because of certain extraneous considerations and so on. These matters are to be looked into very carefully and deeply, and for this purpose, the Comptroller and Auditor-General should be obliged to provide the necessary information as asked for by the chairmen of the financial committees.

With regard to the working of the Auditor-General's Department, at one time, when this matter was discussed in the Constituent Assembly, it was suggested that the Accountants-General functioning in the various States should be independent of the Comptroller and Auditor-General. But in order to ensure their working in a uniform way and also in conformity with the provisions

of the Constitution, the Accountants-General were required to discharge their functions as the agents or the representatives of the Comptroller and Auditor-General.

When the pay and status of the Comptroller and Auditor-General has been equated with that of a Supreme Court judge, it is but natural and it would also be in conformity with the functions that they are performing that the status and salary of the Accountants-General should be on a par with those of a High Court judge. I hope this matter will be gone into by the Finance Minister to see that the department which exercises control over the finances of the various State Governments is also given an equal status and dignity so as not to be subservient to the whims and fancies of the local governments.

With regard to audit staff, a point mentioned by my hon friend, Shri Somnath Chatterjee, I entirely agree that the staff working at the various levels should be given sufficient status as to be able to exercise the requisite check over the work of the various departments of Government.

This Bill does not cover the various autonomous corporations that have come into existence now. It is not only the Food Corporation of India but various other corporations that have come into being and are drawing funds from the Consolidated Fund of India. All these must be brought within the jurisdiction of the Comptroller and Auditor-General.

The Finance Minister has said that the FCI Act will be amended. That is one way. The other way is to insert in the clauses containing the duties and functions of the Auditor General a provision that all autonomous corporations drawing financial assistance from the Consolidated Fund of India should come under his purview. Then only can there be a proper check and parliamentary supervision also when the Comptroller and Auditor General submits his report to Parliament.

So I would urge upon the Finance Minister to ensure proper financial discipline not only in the case of the Government of India but the State Governments and the various autonomous corporations by extending the scrutiny of the CAAG to all these institutions and corporations.

As regards the nationalised banks and other institutions, I do not know how far it will be suitable or proper to bring them under the audit of the CAAG. I have got my own doubts. Hence I have spoken only about the various autonomous corporations at various levels.

With these words, I support the Bill.

SHRI M. KALYANASUNDARAM (Tiruchirappalli) : The Bill, in my opinion, seeks only to more or less maintain the *Statu quo*. Although the Finance Minister has claimed that it is comprehensive and in the statement of objects and reasons it has been mentioned that the Bill seeks to provide comprehensively for the conditions of service, duties and functions and powers of the Comptroller and Auditor General in replacement of the various existing provisions in this regard, what the conditions of service that have been replaced? What are the conservative provisions that have been replaced and what are the radical ones that have been introduced? As far as I could see, nothing of the kind has been done.

During the last 20 years, the Consolidated Funds of the Union Government and the States have grown immensely, ten to twelve times. Several public sector corporations have also come into existence. Public audit must be such that public accounts are accountable to the people through this House. Will the provisions of this Bill ensure such an effective and efficient audit of public accounts? Has the Finance Ministry applied its mind to this aspect?

Sir, the Constitution provides not only for fixing the salaries and allowances but the functions, the performance of this post which is an institution. But the Government have taken only one aspect, and that is the salaries and allowances of the Comptroller and Auditor-General and left the other aspects to the department as if the Constitution enjoins upon us to attend only to these aspects. Under article 48(5), what type of staff will have to be recruited and how the department should function, all these matters are left to this House to be regulated by law.

AN HON. MEMBER : Rules.

SHRI M. KALYANASUNDARAM : The rules include recruitment and the

[Shri M. Kalyanasundaram]

qualification of the staff. So, a comprehensive outlook must be taken about the auditing institution. I would even suggest that to avoid controversy between commercial auditing and the department, and the scramble for power and position, it will be useful to nationalise the whole adding profession and bring this institution under the control of the Auditor-General. Such a long-range view must be taken and such a radical reform will have to be introduced. The role of the Government in the growth of the national economy is becoming greater and it is bound to assume a still greater role in the future. The audit also must be effective enough to cope with the developing situation. So, this Bill does not even think on those lines, and only the *status quo* is sought to be maintained.

In the fixation of the salary and allowances of the Comptroller and Auditor-General, it is good that it has been raised to the status of a judge of the Supreme Court. The Auditor-General and his staff are Servants of this House. They are answerable to this House and not to any of the Ministries. Similarly, the Accountants-General in the States are answerable to the legislatures. What is their position? You have raised the status of the Auditor-General to that of a judge of the Supreme Court. But in the States, the Accountant-General is inferior in status to the Chief Secretary. How are you going to raise the status of the Accountants-General? In our present system, the salary and position matter. When an officer of the audit department sits with the officials of any of the Ministries, either in the Union Government or in the States, he must at least be on a par with the officials whose performance he is expected to audit. If he is considered inferior, what is the use, and how is he going to command the respect that is necessary? I think the whole question will have to be examined right from the start. An officer in the audit department is not just a clerk in the department. His functions are special and he has a special task to do without fear of favour, and so, the position of the staff in the audit department must be elevated not only with respect to their salaries but their functions and powers must be such that they will be able to get the information that they want and they will

be able to examine any of the departments without fear or favour.

Further, what is the procedure laid down for the appointment the Comptroller and Auditor-General? No procedure is fixed. The Constitution, of course, says that the President will have the power to appoint. When the President appoints the Auditor-General, he appoints him on the advice of the Government in power. Some provision must be there by which this House could be associated with this. I would suggest that a panel be formed, just as in the case of the appointment of Vice-Chancellors in the universities who are appointed by the Chancellor; from out of a panel submitted to him, he selects one. So, in order to make the position of the Comptroller and Auditor-General really independent of the executive, you should start from the procedure for his appointment. There is no mention about the procedure for appointment, his qualifications and status. Anybody with some service in the Government may be appointed. If any officer in a particular department is in the good books of the Minister he can recommend him and get him appointed as the Auditor General with the result that the Auditor General would be more obliged to him than for serving the nation. He should be made to feel that he can act independently. There is a safeguarding provision that after retirement he cannot seek any appointment in any Government institution. Thus he need not be under any obligation to the Ministers. That is the spirit with which the provision has been made in the Constitution.

Similarly even for his appointment there should be some provision by which he may be made to feel that he was appointed independently. The question is: how to associate this House with the appointment of the Auditor General. Today audit is not given the importance it ought to be given. Wasteful and extravagant expenditure is a vice of not only the modern times; it has been there even before. That is why it has been suggested that the public accounts in every walk of life must be audited. In order to be effective the audit should be answerable to this House.

A Committee of this House can be associated with the functioning of the audit department so that it could examine their

functioning periodically and give them guidelines. In the Act there are no specific guidelines with regard to the method of audit or its functioning. Very rarely do the auditors take up the question of performance in a Ministry or in a Government Undertaking. Even in regard to the realisation of the taxes, the role of audit is very big. Occasionally they examine some income tax office and satisfy themselves. What is the purpose of the audit? Every pie due to the treasury must be collected and every pie so collected must be spent properly so that it reaches the people. Now the audit is not functioning that way.

They prepare voluminous reports based on the facts and figures given by the Ministry and present them to us. Perhaps it seeks to hide more than what it discloses. The present system of audit is neither satisfactory, nor is it commensurate with the needs of the present situation. Hence I suggest that they may pass this Bill as a temporary measure. A more comprehensive Bill incorporating the improvements suggested by this House should be brought forward soon. They have taken twenty years already to introduce this Bill. I hope they will not take another twenty years to think about the staff attached to the audit department. Let us act quickly so that there may be confidence among the people that the public funds are spent properly. We hear so many allegations about corruption. Where is the machinery? How many of us are able to attract the attention of the competent official? I have no faith in the so-called vigilance department. There should be another department to watch the vigilance department, that is the position we have come to. The audit should be more effective and they should be empowered to catch any irregularity of the spot before it is too late, before it is sought to be hidden.

My objections arise because of the weaknesses in the Bill. Because it does not satisfy the needs of the present situation, it will not enthuse the staff as a whole in the audit department. The staff are very much demoralised and discouraged because of their low salary and low status. By trying to satisfy only the head of the department, you will be dissatisfying all the other officials including those who are functioning as Accountants General. So, I appeal to the Finance Minister to consider seriously the points

which I have raised and try to bring a comprehensive Bill so that the functioning of audit may be independent and under the guidance of this House, so that public funds can be properly safe-guarded.

SHRI S. N. MISRA (Kannauj): While supporting the Bill and congratulating the Finance Minister on bringing it forward, I wish to point out that the main intention of the provision in the Constitution protecting the services of the Comptroller and Auditor General is that finance is a very important thing and that those who are responsible for checking it should be given immunity. That immunity has been given to the Auditor General, but it is also necessary that the Accountants General of the various States must also have a certain protection and if in the present Bill a definition of the Accountants General and their status is included and a certain protection is also given to them, the position would be much better.

15.5 hrs

[SHRI K. N. TIWARY *in the Chair*]

Secondly, it has been already said by my friends here that it is necessary that all the public undertakings, wherever the funds of the State are invested, whether it is 10 or 50 or more than 50 per cent, whether it is the Food Corporation or LIC or any other undertaking, must automatically come within the purview of the Auditor General. The Finance Minister said that he would try to introduce certain amendments in the Food Corporation Act. I think that it would be unnecessary because we are now heading along for a socialistic regime wherein there may be nationalisation of everything except what we put on our body. I am not speaking about the partner in life, but I am only saying about our clothes. It is, therefore, necessary that at this stage we should bring within the ambit of the Auditor General every undertaking where public funds are invested. That is one of the two amendments which I beg to submit to the hon. Finance Minister, and I hope he will give thought to the matter.

16 hrs.

SHRI SEZHIYAN (Kumbakonam): Sir, as pointed out by the Finance Minister himself, this Bill has been over-due and we are glad it has come up for consideration at least now. It

[Shri Sezhiyan]

is said that eternal vigilance is the price of democracy. For proper functioning of democracy, Parliament should not only legislate, allocate funds and undertake various welfare schemes for the good of the people but also have a machinery to watch whether the Acts are implemented fully and whether the sanctioned amounts have been spent for the purposes for which they were sanctioned. Parliament fulfils this task of vigilance through the parliamentary committee which draw heavily upon the assistance of the Comptroller and Auditor General and his officers. In independent India, we have been fortunate in having had some brilliant men as CAGs. They have been every helpful to the financial committees and to Parliament and they have come up to the expectations of the founding fathers. As a member associated with the Public Accounts Committee, I may put it on record that the present CAG is no exception. He assisted by a team of very talented officers, with almost a missionary zeal, has been helping the PAC and Parliament.

While we are giving status and responsibilities to the CAG and his officers, have we given them enough resources to fulfil those obligations? That is the question which arises. The Finance Minister was good enough to assure us that he has accepted most of the recommendations of the Select Committee, except one. The recommendation that the Auditor General should receive the same salary as a Supreme Court Judge has been accepted. But whereas the pension of a Supreme Court Judge can go up to a maximum of Rs. 20,000, here it is at the flat rate of Rs. 15,000. There the pension is proportionate to the number of years of service as Judge. I have given some amendments that the pension of the CAG, should start with a minimum of Rs. 14,000 and if he puts in six years service, as CAG: calculating at the rate of Rs. 1,000 for each completed year of service, his pension may go up to a maximum of Rs. 20,000, as in the case of a Supreme Court Judge.

As pointed out by Mr. Kalyanasundaram, we should improve the scales of pay and conditions of service not only of the CAG but also the other officers, in order to attract good talent to this profession. For example, the pay of the Deputy CAG is very much less and he has been equated with Additional Secretary to the Government of India. Previously, I under-

stand Class I Accountant Generals were getting a pay of Rs. 3,000. The Accountants General were equated with Joint Secretaries. When the pay of Joint Secretary was reduced to Rs. 2,250, the pay of the Accountant General was also reduced to Rs. 2,250. To that extent, they followed the parity. Later on; when the pay of the Joint Secretary was raised, the salary of the Accountant General was not raised and the parity not maintained. The Accountant General, at the present, he is getting a scale of Rs. 1,800.

Since we have compared the post of the Auditor General to that of the Supreme Court Judge, on the same analogy, the post of the Accountant-General should be equal to that of a High Court Judge. But now he is getting only Rs. 1,800 to 2,200 whereas a special grade Secretary would be getting Rs. 3,500. He should get the scale of the Chief Secretary, if not the High Court Judge.

Coming lower down, the Audit Assistant is doing the work of an Assistant but he is getting only the salary of a UDC. If you want to draw good talent to this field then the Audit Assistant should be paid the salary of an Assistant in the Central Secretariat.

Similarly, the Section Officer in the Audit General's Office, who is supervising 8 or 10 people, doing the same standard of work of the Section Officer of the Secretariat, is getting less than his counterpart in the Secretariat.

The Audit Officers perform functions equivalent to that of Under Secretaries in the Secretariat. While the scale of the Under Secretary is Rs. 800 to 1,300 that of the Audit Officer is only Rs. 590 to 900.

So, the scales of pay of the various cadres in the office of the Auditor-General should be improved and they should be equal to those of their counterparts in the Secretariat.

Then, even though we have given independent status to the Auditor-General, so far as his budget is concerned he has to approach the Finance Ministry. It is the function of the Auditor General to go through the financial transactions of the government and report the irregularities to Parliament. He has to go to the very same department if he wants any finance to improve the facilities in his depart-

ment. It is true that there is a convention that the requests of the Auditor General should not be turned down at a level lower than that of the Finance Minister. Yet, this procedure does not give the Auditor-General the freedom which he should enjoy. When the previous Bill was before the Joint Select Committee a suggestion had been made that the budget of the office of the Auditor-General should be sent direct to Parliament and that a Parliamentary Committee should go through it instead of the Finance Ministry.

I think, the Finance Minister and the Ministry will make a reconsideration of the pay scales and grades that were now available to all the officers in the office of the Comptroller and Auditor-General and see that they are increased so that right talent and right persons are attracted to that service.

Regarding the Food Corporation of India the hon. Minister has been kind enough to assure the House that the Food Corporation of India Act will be amended to this effect. When he makes the assurance, I take it I would request him to have the amendment brought forward in this session itself. I do not want any delay in this matter.

But it involves a basic principle. Why do you want to take the Food Corporation of India alone and leave the Life Insurance Corporation, the State Bank, the nationalised banks and so many other undertakings the companies created by the Government of India and the companies created by the creations of the Government of India? All those companies which have received or are receiving some substantial amounts of grants, subsidy or loans, directly or indirectly, should come under the purview of the Comptroller and Auditor-General. I do not know why all those public undertakings, which have not been brought under the purview of the Comptroller and Auditor-General, fight shy of being brought under the purview of the Comptroller and Auditor-General. I am not able to follow the basic reason.

I went through the evidence given before the Joint Committee on the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Bill, 1969. There it shows how the mind of a person who is in charge of a public undertaking is working. Giving evidence before the Joint Committee Shri T. A. Pai,

Chairman, Life Insurance Corporation, said this when he was put the question as to what was the objection of the Life Insurance Corporation to being brought under the purview of the Comptroller and Auditor-General :

"... because we have to engage ourselves in something where decisions have got to be taken quickly if you have to achieve certain results, if motives are going to be questioned long after the transaction is completed, that is, after a lapse of time, it will be extremely difficult for people to exercise their discretion."

This is the point of view of Shri Pai. If you are going to question the discretion after a lapse of time, one may not use his discretion, he says. If we accept this logic, this same logic is applicable to all the departments of the Government of India and all the public undertakings. That means, we should scrap the entire examination by the Comptroller and Auditor-General and allow them to go scot-free with whatever they do or say.

The Life Insurance Corporation had drawn all its funds from the Consolidated Fund of India to start the organisation and the entire funds that are now vested in the Life Insurance Corporation are drawn from the policyholders and public money. Therefore why should the Chairman fight shy of coming under the purview of the Comptroller and Auditor-General?

The Life Insurance Corporation was started in 1956. It has been working for 15 years without the interference of the Comptroller and Auditor-General. He says that if the Comptroller and Auditor-General is given the power, discretion will not be there and he cannot take the right type of decisions. He says :—

"I have been feeling that if we have to subject ourselves to the rigid control of the Auditor-General, I am afraid, we would not be able to take decisions at all and things will become much worse."

That means, without the examination of the Comptroller and Auditor-General things should not have gone worse. But he himself has admitted at another place that things have gone worse for the LIC in spite of the protection that was given to it from the

[Shri Sezliyan]

Auditor-General. He says later on in his evidence that the Life Insurance Corporation could not do general insurance business as compared to another subsidiary of the Life Insurance Corporation itself. He says :—

"The LIC's resources should have enabled us to capture a larger and larger share of the insurance business, but we have not succeeded, whereas our subsidiary, the Oriental Fire and General Insurance Company, which is more or less functioning like a private sector undertaking, where the rigidity has not set in, has been able to compete with the general insurance companies effectively, because the people are satisfied with their experience of settlement of claims etc. by them. So, if you want these organisations to discharge the obligations that have been cast on them, I am afraid they will have to be allowed to function like business institutions."

Here, he is making a point that when the Life Insurance Corporation entered into the general insurance business, it could not make mark in competition with other general insurance companies, but a subsidiary of the Life Insurance Corporation, namely, the Oriental Insurance Company was able to make a mark because it was working in the private sector. The person who comes to give evidence to the Committee comes to a conclusion that the public sector will not work properly and that only a private sector Company will work properly. He says that less the public sector undertaking assumes the role of the private sector, it will not function well.

Later on, he says :

"We have to face competition from other insurance companies. But here in India where we have a monopoly so that whatever we do people might put up with it, I am afraid this monopoly factor also comes in the way of getting increased business."

The persons incharge of public sector undertakings come before the Committee and say that they are not confident, that they will not be able to stand the test or scrutiny by an outside body.

We do not want the C.A.G. to go into the details of investment ; we do not want him to go into how shares are bought. Why not an outside body go into the structure of premium the extent of lapses, the expense ratio, etc ? These things at least could be and should be gone into by an outside body. Why are they very vigilant and averse to an outside body going into their work ?

Regarding other things, I will take them when the clause-by-clause consideration of the Bill is taken up; I have given various amendments and I will take up those things at that stage.

This basic question should be settled. The hon. Member, Shri S.N. Mishra, who spoke before me said that it should apply to a public company where the Government of India or the State Government or any other Government undertaking has contributed 51 per cent of the share. Nowadays, when they create a public company, they do not contribute 51 per cent. They put in 50.9 or 50.8 per cent just to avoid this 51 per cent mark. That should not be the criterion.

The Estimates Committee also went into this question and they said that wherever the Government has given 25 per cent paid-up-capital these companies should attract the provisions and should come under review of the C.A.G. The basic policy should be decided by the hon. Minister as to whether he wants public undertakings to come under the purview of the C.A.G. Why is he allowing them to go away from the purview of the Bill ? The proper thing should have been to include them.

In some cases, there is a provision that the Government can get the services of the C.A.G. to go into certain accounts of the State Bank and also the Reserve Bank. But all these years I do not think in a single instance the Ministry of Finance has utilised his services. Though there is a provision in the Reserve Bank Act and the State Bank Act that the services of the C.A.G. can be utilised by the Ministry of Finance, if they want, they have never done that. It has not been done even in a single case. He can say that no occasion has arisen. But unless you test it, you cannot say in a

blank way, that no case has arisen. I think, my hon. friend, Shri Kalyanasundaram was saying that every pie that goes out should be accounted for. The pies are taken care of but sometimes lakhs and crores of rupees are not taken care of. We want the C.A.G. to go into all that.

Then, it should not be discretionary. It should be mandatory and it should be included in the parent Bill itself which is before the House.

Regarding the other points, I will speak on them when the amendments are taken up.

In conclusion I would only appeal to the hon. Minister two things, (1) to provide more facilities for effective functioning of the Comptroller and Auditor-General's Office, not only for the C.A.G. himself but also for other person working there and (2) also to put, not in a discretionary way but in an obligatory way, that all the public undertakings and also those created by one or the other of the public undertakings are also attracted and put under the purview of the Comptroller and Auditor-General.

श्री अटल बिहारी वाजपेयी (ग्वालियर) : सभापति महोदय, मुझे ऐसा लग रहा है कि वित्त मंत्री महोदय किसी भी नये संशोधन को स्वीकार करने के मूड में नहीं है। अगर यह बात है तो फिर केवल पिण्डपेक्षण करने वाली बात है। लेकिन अगर वह खुले दिमाग से सुन रहे हैं और इस स्थिति में भी किसी संशोधन को मानने के लिए तैयार हैं तो मैं समझता हूँ कि इस विषयक में अब भी सुधार की गुंजाइश है।

यह बात तो सभी स्वीकार करेंगे कि कंट्रोलर एण्ड आडिटर जनरल हमारे संविधान निर्माताओं की मंशा को पूरी कर रहे हैं और यह संस्था आडिट के द्वारा यह संसद् सरकारी खर्च पर अपना नियन्त्रण रख सकती है। अब हम इस सम्बन्ध में विधेयक बना रहे हैं, लेकिन यह विधेयक जितनी दूर तक जाना चाहिए, नहीं जाता। मुझे पता नहीं कि वित्त मंत्री का ध्यान इस ओर खींचा गया है या नहीं कि कंट्रोलर एण्ड आडिटर जनरल की योग्यताओं का इसमें कोई

उल्लेख नहीं किया गया है, अर्थात् किस व्यक्ति को कंट्रोलर एण्ड आडिटर जनरल बनाया जा सकता है। हमने संविधान में सुप्रीम कोर्ट जज की योग्यताओं का हवाला दिया है, हम ने कहा है कि उसे भारतीय नागरिक होना चाहिए, हम ने कहा है कि उस को कम से कम पांच साल तक हाई कोर्ट का जज रहा होना चाहिए, लेकिन कंट्रोलर एण्ड आडिटर जनरल के बारे में इस तरह की किसी योग्यता का उल्लेख नहीं है। क्या वित्त मंत्री महोदय इसको अनावश्यक समझते हैं? क्या यह लिखना सम्भव नहीं है कि ऐसा व्यक्ति कंट्रोलर एण्ड आडिटर जनरल बनाया जायेगा जिस को दस साल का अकाउंटिंग का, आडिटिंग का और ऐडमिनिस्ट्रेशन का अनुभव हो, और वह भारत का नागरिक होगा। छोटी सी बात है लेकिन यह बात लिखे बिना विधेयक अधूरा होगा।

मैंने कई संशोधन दिए हैं जो शायद वित्त मंत्री महोदय तक पहुँच गये हैं। मैं चाहूँगा कि वह उन पर गम्भीरता से विचार करें। पहला संशोधन, जिस के सम्बन्ध में और सदस्यो ने भी कहा है, लेकिन कोई संशोधन नहीं दिया है, इस प्रकार है :

after line 15, insert—

"9A. The status, salary and service conditions of the officers and the staff of the department of the Comptroller and Auditor-General shall be at par with corresponding levels in the Central Secretariat."

Explanation :— If any question arises as to what are the corresponding levels in the Central Secretariat, the decision of the Comptroller and Auditor-General thereon shall be final."

वित्त मंत्री महोदय मानेंगे कि आडिट को हम ने एक महत्वपूर्ण काम दिया है। होना तो यह चाहिये था कि आडिट में जो लोग काम करते हैं वह अन्य सरकारी विभागों के आदमियों से थोड़ा ऊपर हों, क्योंकि उन का काम है सरकारी कार्यों की जांच पड़ताल करना, छान बीन करना, गलतियाँ निकालना। लेकिन यहाँ

[श्री अटल बिहारी वाजपेयी]

ऊँचे होने का सवाल ही नहीं है, अभी समान स्तर पर भी नहीं है। अभी मेरे मित्र श्री सेक्षियान ने उदाहरण दिया कि आडिट डिपार्टमेंट का जो अपर डिवीजन क्लर्क है वह सेंट्रल गवर्नमेंट के असिस्टेंट से नीचे दर्जे का है। आडिट का सुपरिन्टेंडेंट सेंट्रल सेक्रेटेरियट के सेक्शन आफिसर से नीचे दर्जे का है। ऐसी स्थिति में आडिट वाले अपना काम किस तरह से कर सकते हैं, इसके बारे में जरूर विचार करना होगा। मैं समझता हूँ कि वित्त मंत्री महोदय को यह संशोधन मानने में कोई कठिनाई नहीं होनी चाहिए।

दूसरा संशोधन मैंने इस आशय का दिया है कि जहाँ तक आडिट डिपार्टमेंट का सवाल है, कंट्रोलर एण्ड आडिटर जनरल वित्त मंत्रालय के शिर्काजे से पूरी तरह से मुक्त होना चाहिये। यही संविधान के निर्माताओं की मंशा थी। पार्लियामेंट आडिट विभाग के लिए जितनी धनराशि स्वीकार करती है उस का विनियोग करने में वह पूरी तरह से स्वतंत्र होना चाहिए। वित्त मंत्रालय या उसके सचिव अथवा अन्य अधिकारी किसी प्रकार से हस्तक्षेप करके उनकी स्वाधीनता को कम न करें इस का भी प्रबन्ध करना आवश्यक है। मेरा संशोधन इस सम्बन्ध में इस प्रकार है :

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after line 21, insert

"20A (1) The Comptroller and Auditor-General of India shall frame the estimates for the administrative expenses of the Indian Audit and Accounts Department and the estimates so framed shall be included in the annual financial statement of the Government of India to be laid before both the Houses of Parliament.

(2) The Comptroller and Auditor-General of India shall have full powers to incur expenditure out of the grant made by Parliament towards the administrative expenses of the Indian Audit and Accounts Department."

यह संशोधन सर्वथा उपयुक्त है और वित्त मंत्री को इस को स्वीकार करने में कोई कठिनाई नहीं होनी चाहिए।

अभी वित्त मंत्री महोदय से कहा कि हम जो फूड कारपोरेशन सम्बन्धी विधेयक है उस में संशोधन कर रहे हैं। इस सदन में इतने विधेयक पेश किये गये हैं स्टेट्यूटरी कारपोरेशन बनाने के लिए जिन की कोई सीमा नहीं है। जो इस तरह के विधेयक संसद में आते हैं उन में हम यह क्यों नहीं दे सकते कि उस के सम्बन्ध में कंट्रोलर एण्ड आडिटर जनरल द्वारा आडिट की व्यवस्था हो या नहीं। मैं यह समझने में असमर्थ हूँ कि इस को इस विधेयक में लाने में क्या आपत्ति है कि जितने इस तरह के स्टेट्यूटरी कारपोरेशन होंगे जैसे लाइफ इंश्योरेंस कारपोरेशन है, नेशनलाइज्ड बैंक हैं, उन सब का आडिट कंट्रोलर एण्ड आडिटर जनरल द्वारा हो सकता है ? मेरी मसल में नहीं आता कि इस में क्यों संकोच होना चाहिए। सार्वजनिक धन इन संस्थाओं में लगता है। वह समझ के प्रति जिम्मेदार है। कंट्रोलर एण्ड आडिटर जनरल की स्वतन्त्रता और निष्पक्षता में आप की निष्ठा है। अगर आवश्यक हो तो आप उन को और कर्मचारी दे सकते हैं, लेकिन कोई कारण नहीं है कि जब सार्वजनिक क्षेत्र का विस्तार हो रहा है, सरकार अलग अलग उद्योग धन्यों में पैसा लगा रही है तो केवल डिस्क्रिशन का उपयोग करने में कठिनाई होगी इस के नाम पर उनको कंट्रोलर एण्ड आडिटर जनरल के अधिकार क्षेत्र से बाहर रखा जाये। इस के लिए अलग अलग कानूनों में संशोधन करने की आवश्यकता नहीं है। इसी विधेयक में यह संशोधन किया जा सकता है। जो इस प्रकार होना चाहिये :

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for lines 20 to 24, substitute

"(2) The duties and powers of the Comptroller and Auditor-General in relation to the audit of the accounts of banks, financial institutions, insurance companies, and corporations owned by the Central or State Government shall be the same as those in respect of a Government Company."

यह संशोधन स्वीकार किया जा सकता है और सबसुच में कंट्रोलर एण्ड आडिटर जनरल

की संस्था को मजबूत बनाया जा सकता है।

एक बात मैं और कहना चाहूँगा। अब एक नया तरीका चलाया गया है। राज्य सरकारें कर्जों के बारे में गारंटी दे देती हैं। मुझे बतलाया गया है महाराष्ट्र सरकार ने 400 करोड़ रुपये के कर्जों की गारंटी दी है। सरकार गारंटी दे देती है और कर्जा मिल जाता है। उस की छान बीन नहीं होती। कंट्रोलर एण्ड आडिटर जनरल को अधिकार होना चाहिए कि वह इस बात की छान बीन कर सके कि जो गारंटी दी गई थी वह ठीक थी। जिस काम के लिए गारंटी दी गई थी उस में वह कर्जा खर्च हुआ है या नहीं, वह वापस आया है या नहीं। वह देखे कि जब सरकार गारंटी देती है और कर्जा दे दिया जाता है तब उस कर्ज का दुरुपयोग तो नहीं हो रहा है। कंट्रोलर एण्ड आडिटर जनरल गारंटी की वास्तविकता में नहीं जा सकता। जब राज्य सरकार गारंटी देती है तो उस के हर पहलू में कंट्रोलर एण्ड आडिटर जनरल को जाने की इजाजत होनी चाहिए। इस आशय का भी मैंने संशोधन दिया है।

हमारे वित्त मंत्री, महोदय कंट्रोलर एण्ड आडिटर जनरल को मजबूत करने की बात कह रहे हैं हम भी इस संस्था को मजबूत करने की बात कह रहे हैं। संसद् के पास समय नहीं है कि सारे सरकारी खर्चों के हिसाब किताब को देखे। लोक लेखा समिति भी बिना आडिट रिपोर्ट के काम नहीं कर सकती। इस संसद् के लिए सरकार जिम्मेदार है, सरकार जरबों रुपये खर्च कर रही है। वह रुपया संसद् जिस काम के लिए चाहती है उस काम पर खर्च होता है या नहीं, और अगर नहीं होता तो उस के लिये जिम्मेदार लोगों को कटघरे में खड़ा किया जा सके, यह काम आडिट का होता है। आडिट के रिपोर्ट के ऊपर पब्लिक अकाउंट्स कमिटी काम करती है और उसी पर सारा अकाउंटिंग होता है तथा खर्च चलता है। इस लिये मैं चाहता हूँ कि आप कंट्रोलर एण्ड आडिटर जनरल के पद को, उनकी

प्रतिष्ठा को, उनकी निर्णय शक्ति को मजबूत करें। यह विधेयक इस दृष्टि से जहाँ तक जाना चाहिए, नहीं जाता। मैं समझता हूँ कि अब भी मौका है, वित्त मंत्री महोदय संशोधनों को स्वीकार करके इस विधेयक में जो कमी है, उस को पूरा कर सकते हैं।

SHRI C. C. DESAI (Sabarkantha) : I have also tabled a few amendments. There are more or less of the same character as the suggestions made by the previous speakers.

What I find is that while there is respect for the high office of the Comptroller and Auditor-General, there is also a certain amount of distrust which I find while going through the Bill; and I say this without fear of contradiction, because I have been a Member of the Public Undertakings Committee, for two years and now I am a Member of the Public Accounts Committee, and in the past, I had been also a Secretary to Government. What I find is that there is allergy to the Public Accounts Committee, which means also the Comptroller and Auditor-General, and that is apparent in this legislation.

Let me give you one example. While it is welcome that the salary of the Comptroller and Auditor-General would be equated with that of a Supreme Court Judge, the facilities regarding pension have not been equated. After all, what is the distinction between pay and pension? Actually, the pension that should be paid to the Comptroller and Auditor-General should be higher, because that post carries with it a disqualification for further employment under Government, whereas in the case of a Supreme Court Judge, we all know that on retirement, every Supreme Court Judge gets some work or the other on the same terms and conditions of service as when he was a judge. So, why should there be this distinction? Why should we not give the same pension to the Comptroller and Auditor-General as to the Supreme Court Judge.

There is also one other matter. This is a small matter, and perhaps the Finance Minister may not even be aware of it. In the warrant of precedence, the Attorney-General and Comptroller and Auditor-General were bracketed in the same place and they were above the Cabinet Secretary. After several modifications and notifications, the Cabinet

[Shri C. C. Dasui]

Secretary has gone up above both these functionaries. They are both constitutional functionaries. The Attorney-General has gone up a few steps ahead, and the poor Comptroller and Auditor-General for whom this House has the highest respect and who is really the guardian-angel of the country's finances has been denigrated and relegated to a lower place. I am sure that this injustice is not even known to the Finance Minister. But I say this and I hope the Finance Minister will examine how it is that the two functionaries who were bracketed in the warrant of precedence have been separated and delinked, and one has been upgraded while the other has been downgraded and for what reasons. As I said, I am not attaching much importance to precedence, but this shows the attitude of the bureaucracy.

They think that the Comptroller and Auditor-General is a fifth wheel to the coach. They think that he is there to find fault with their management of the country's finances. Actually, as a Member of the PAC, having seen this for the last few months, I can say this that he is more a friend of the bureaucracy than even an aid to the PAC. Very often, he protects them and very often he looks after them. But this fact is not known and is not appreciated by the bureaucracy.

My hon. friends have asked why when the salary of the Comptroller and Auditor-General is equated with that of a Supreme Court judge, a similar thing should not be done in the case of the Accountants-General. They are more or less, in fact, they are, in the same position *vis-a-vis* the State Government as the Comptroller and Auditor-General is *vis-a-vis* the Central Government. Their reports are sent to the Public Accounts Committee of the State Legislatures, and they play the same role which the Comptroller and Auditor-General does here. And yet if you compare their salary with that of the Secretary to Government who appears before the Public Accounts Committee of the State as a witness, you will find that his salary is lower than that of the Secretary to Government in the State Government, and certainly much lower than that of a High Court judge or the Chief Secretary to a State Government. I see no reason and no justification for this anomaly. I hope that the Finance Minister, if he is really keen and if he is really anxious to upgrade the status and dignity of the whole organisation of the

Comptroller and Auditor-General, will carry out these improvements at the State level as well.

My friends have also referred to the budget of the CAAG. Shri Vajpayee, who was a distinguished Chairman of the Public Accounts Committee for two years, alluded to that. I also know a little bit of the working of Government. When proposals go from the CAAG they are pored down and cut down by the Secretary to Government, by an Under-Secretary to Government, if you please. The Comptroller and Auditor General does not find it convenient or prudent to take every case to the Finance Minister. If he did, I have no doubt that his view would prevail. But this system is wrong whereby his proposals are scrutinised in a spirit of mischief and malice. I hope the Finance Minister will take effective steps to improve this system. What greater anomaly and discourtesy can you imagine to an officer held in high esteem by us. In fact, he is the nearest to Parliament. There are three functionaries under our Constitution. One is the Attorney General, the other the Chairman of the UPSC and the third the Comptroller and Auditor General. We hardly ever see the Attorney General; we never see the Chairman of the UPSC. But not only the Public Accounts Committee but the Public Undertakings Committee meet the Comptroller and Auditor General. Their work is based on the paragraphs he puts in. He is the officer who comes in most direct contact with Parliament and he is always held in high esteem by all the members of the PAC.

Members have said that the financial and credit institutions should be brought within the scope of the CAAG. I wholeheartedly agree and have proposed an amendment. Four years ago, when I was a member of the Committee on Public Undertakings, we found the anomaly of the Food Corporation of India being excluded from the scrutiny of the C.P.U. It is only now, in 1971, that this corporation has been brought within the jurisdiction of the Committee on Public Undertakings. But even now, the Comptroller and Auditor General has no jurisdiction over the Food Corporation. The Finance Minister has said that he will remove this anomaly by bringing forward a suitable amendment to the Food Corporation of India Act. But here we are enacting a law defining the jurisdiction of the CAAG and this is the appropriate occasion to deal with this, not by doing it in each individual com-

pany or corporation. There is a provision in the Food Corporation of India Act excluding scrutiny by the CAAG. This shows the allergy they have to this officer. This is wrong and this is the right and appropriate place to define his jurisdiction so as to cover not only the Food Corporation but all corporations deriving their revenues or funds from the Consolidated Fund of India, over whose expenditure Parliament must exercise appropriate control.

Now I come to the Life Insurance Corporation of India. My Chairman, Shri Sezhiyan, read on the evidence of Shri T. A. Pai, Chairman of LIC. When the LIC has come within the jurisdiction of the Committee on Public Undertakings, what objection can you possibly have to your accounts being audited and checked by the organisation of the CAAG? The accounts should be clear and above reproach. If you have something to hide or conceal, then you could raise an objection. Your main objection is to the Committee on Public Undertakings, but that objection has been invalidated and the Life Insurance Corporation of India has been brought into the jurisdiction of the Committee on Public Undertakings. Now, this objection merely to statutory control being applied is just meaningless, and it exposes the disinclination of the public corporations to submit to the accountability of Parliament. And if that is so, I am sure the Finance Minister will not countenance any such attitude, any such disposition on the part of the corporations of India.

Even then, I know, and when I was a Member of the Committee on Public Undertakings, we moved that the State Bank of India, and the Reserve Bank of India should be brought within the scope or jurisdiction of the Committee on Public Undertakings. They have resisted that attitude; even today they have not agreed. What is the reason? What is the distinction between the Industrial Finance Corporation of India and the Industrial Development Bank of India? They are both credit and financing institutions. Actually, I have seen that the Industrial Finance Corporation is a subsidiary of the Industrial Development Bank of India, and if one can be controlled, examined and brought into the jurisdiction of the Committee on Public Undertakings, why not the Industrial Development Bank of India? But there is the attitude of the bureaucracy of objecting to anything concerning Parliament

functioning, but I am sorry to say that that attitude is also supported by the Minister, because without his support, they could not get away with the exclusion from the jurisdiction, from the scrutiny of Parliament.

Then there are contracts with the Government. The jurisdiction of the Comptroller and Auditor-General is excluded from the contracts. I see in the United States there is a provision under which the Comptroller and Auditor-General of that country is authorised to examine those contracts and to report to the Congress. We claim to be more socialistic and more representative of the people of India and so on. Why is it that this provision has not been included in the Bill? Why is it that we are not considering this on the analogy of the provision that exists, that is working in a country which is known to be capitalistic and which is known to be far less socialist-minded than we are? That is in relation to the accountability or the examination of accounts of contractors.

Then there are one or two small points : grants including subsidies. I have given notice of amendments; grants and subsidies are not distinguishable and the Comptroller and Auditor-General, I find, in the course of his experience with the Ministries and the departments can treat the grants as subject to scrutiny and not subsidies. Subsidy is as much an expenditure from the Consolidated Fund of India : in fact, it is even more; it is outright grant, and there is no reason why the jurisdiction of the Comptroller and Auditor-General should not be extended to grants including subsidies. In fact, I wrote a letter to the Finance Minister, four or five days ago, bringing these amendments to his notice, giving detailed reasons for the amendment—which is unusual for a Member of Parliament—and I am hoping and expecting that when these amendments find favour with him, he would accept them as Government amendments so as to facilitate the work of a private member.

SHRI SEZHIYAN : It is also unusual for the Minister to accept them.

SHRI C. C. DESAI : That is because while the Ministers or Members of Parliament are men from public life, I find that the Ministers are very much subject to pressure and persuasion of the bureaucracy.

[Shri C. C. Desai]

I hope the jurisdiction of the Comptroller and Auditor-General will be extended not only to these institutions like the Industrial Development Bank of India, but the Reserve Bank of India and the State Bank of India. Some of these are purely commercial institutions where it is generally appropriate that the commercial audit and the statutory audit of the Comptroller and Auditor-General should be made applicable. The State Bank of India is nothing but a banking institution. It has not got a treasury function like the Reserve Bank of India. Similarly, the major banks have been nationalised, and these banks should also be brought in, and I hope that the Finance Minister while giving his concurrence, will tell his Ministry that "I am not prepared to accept your advice that these institutions should not be brought within the jurisdiction of the Committee on Public Undertakings." They should also be brought under the control and jurisdiction of the Comptroller and Auditor General so that they come either before the Public Accounts Committee or before the Committee on Public Undertakings.

PROF. S. L. SAKSENA (Maharajgang) : Mr. Chairman, the Auditor General should be the eyes and ears of the Finance Minister. The Finance Minister is in charge of the accounts of the country. He is the guardian of the finances. He should be zealous to see that the expenditure made from the public funds is proper. He should therefore be eager to accept the amendments moved by this side of this House, because they are all intended to help him discover the lapses on the part of the officials and remove them.

The State Bank or the Industrial Bank or the Reserve Bank or the Life Insurance Corporation—all these are big undertakings which spend crores of rupees. If their accounts are properly audited by the Auditor General, surely it could be of help to the Finance Minister, for he is ultimately responsible to raise funds through taxation and frame the country's Budget.

If he accepts the suggestions that have been made he could be quite confident that all the accounts which are submitted to him by the various corporations are correct.

I appreciate the point made by my hon. friend about the appointment of the Auditor

General. He said that he should be from a panel and that panel should be chosen by this House. That should be a real safeguard for the independence of the Auditor General. Of course the Cabinet is responsible for his appointment, but if the Cabinet appoints a person out of a panel which this House approves I think the independence of the Auditor General will be guaranteed. It has been done in the case of Vice Chancellors in many places. I think the Finance Minister will try to accept this amendment and incorporate it as a Government amendment. At present we have no provision as to who should be appointed and how he should be appointed.

No Auditor General can work independently unless his staff is under his control. It is an anomaly that you expect the Auditor General to be independent without having the staff under his control. The plea of the Members of this side of the House to put the staff under his control is, I think, just and I hope he will accept it. The audit staff should have a status above the status of officials whose accounts they audit. Their salary should be higher. The salary of the Accountant General should be equal to that of the High Court Judges.

I have full faith in the Finance Minister that he is determined to put our finances above suspicion. The suggestions made from this side of the House will be helpful to him in that respect. The opposition of the officials whose accounts are to be checked should not hinder him from accepting these suggestions.

SHRI SAMAR GUHA (Contai) : This Bill provides for the powers and service conditions of the Comptroller and Auditor General. I want to draw attention to the fact that the powers and the service conditions of about 50 thousand workers who are working under the jurisdiction of the Auditor General have not been given the same Constitutional guarantee, but are left to the discretion of the Auditor General in consultation with the President. I want particularly to draw the attention of Government to the fate of these 50,000 employees in the Auditor General's Office for the reason that auditing the accounts of different companies is a very specialised kind of job which requires the talents recruited from the different parts of the country. It is also known that these employees working in the Auditor General's Office have to appear in a very rigorous examination comparable to the IAS

examination. They also ought to be assured that their service condition has as much security as this Bill provides for the Auditor-General himself.

My second point has already been covered by many friends, namely that the scope of auditing should be extended to companies in which Government money is invested by way of loan or shares, so that public funds provided for the growth of any industrial company is not misused and this Parliament has the right to go through the accounts of those companies.

Thirdly, the position of the Accountants General in the States is similar to that of the Auditor General, but unfortunately their status and salary are much less than those of the Chief Secretary. I think their status should be raised and be comparable to that of a High Court Judge, so that they may command respect and the confidence of the States where they are functioning.

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : I have heard with care the speeches of the hon. Members who participated in the debate. Most of them have made practically the same points.

First of all I would like to meet the point made by Mr. Vijpayee whether I have an open mind or not. I would like to tell him that anybody who comes to this House comes with an open mind, but this question was considered in great detail in the Joint Committee where we went into it for hours and days together, listening to the expert witnesses, the representatives of the Government, the representatives of the different financial institutions, legal experts etc. Unfortunately for me, none of the Members who participated in the debate were Members of that Committee. That is my handicap.

SHRI ATAL BIHARI VAJPAYEE : That is our misfortune.

SHRI YESHWANTRAO CHAVAN : That is my misfortune because I have to repeat again all the things. Therefore, I would like to tell the hon. Member that on many points I had kept my mind open, and the original Bill has been considerably improved by the Joint Committee. So, the only point that I am trying to make is that I have an open mind if there

are good reasons to accept some corrections, suggestions or amendments. But having gone through this whole process, I must say that unfortunately for Mr. Vajpayee today I have come with a made-up mind.

SHRI P. VENKATASUBBAIAH : Not a closed mind.

SHRI YESHWANTRAO CHAVAN : Not a closed mind, but certainly I have made up my mind and I will give reasons for it. Sometimes hon. Members try to give the feeling of some sort of over-simplification to certain matters. There can be a sort of rigidity in logic also. There is a feeling that everything that is referred to the CAG alone can be correctly audited. I think this is misjudging the character and function of the office of CAG. The Constitution has certainly given some specific tasks to him. The Constitution also authorises Parliament to make laws in certain matters and it is our right to expand that scope. But the administration is responding to different types of economic activities, whose nature and character are getting more and more complex. Therefore, to say that every aspect of accounts and expenditure should be made subject to the scrutiny of the CAG is really speaking running away from the problem and trying to find one simple solution : You send it to CAG and you are free ! That is not the way to look at it. We have considered carefully what could and what could not be done.

The question about the independence of the office of CAG was raised. His independence is guaranteed by the Constitution itself. In order to fortify it, we have accepted that the status of the CAG should be the same as the status of a Supreme Court Judge. That means, we are further specifically accepting the independence of the CAG. Mr. Vajpayee said, there is no mention about qualifications. Unfortunately, the Constitution has not done so. What the Constitution could not do, I thought it was difficult for us to do. The Constitution which went into the qualifications of a Supreme Court Judge, who can be President, who can be a member of a legislature, etc., has wisely not gone into the necessity of mentioning the qualifications in the Constitution. Therefore, we could not do it. Then, independence is not decided merely by the right to frame their own budget. Even the budget of Lok Sabha, which is really the supreme body, is not framed by Lok Sabha

[Shri Yeshwant Rao Chawan]

itself. Similarly, judiciary is independent, but its budget is also part of the Consolidated Fund of India. Therefore, giving the CAG the authority to frame his own budget is trying to put him above the Parliament and Supreme Court. Ultimately, whoever frames the budget, it comes to Parliament ultimately for approval. Then, some of the expenditure is charged. The independence of the budget of the CAG is to that extent guaranteed.

Some members referred to the independence of the staff of the CAG and said, we should have come forward with separate legislation. I know under article 148(5), there is a provision for such a law being made. But there is also article 309, under which legislation can be made for all sorts of people.

SHRI JYOTIRMOY BOSU : Are you bringing a Bill or not ?

SHRI YESHWANTRAO CHAVAN : At the present moment, we do not propose to do it. Their independence does not depend on a separate legislation alone. Their master is independent. Unlike other Government servants, their conditions of service are decided in consultation with the CAG. To that extent then are free. Therefore, to say that an organisation, in order to be independent, must be governed by a separate legislation, is not a very valid argument.

SHRI P. VENKATASUBBAIAH : What about their status ?

SHRI YESHWANTRAO CHAVAN : Ultimately their status depends on their functions. When an auditor goes to audit, even if he is not a Gazetted Officer, he functions with that status. It is not necessary that he should be a superior authority in order to audit accounts. It is his function that makes him independent. Therefore, to speak in terms of grade in this context is illogical. The independence of the organisation does not depend upon the type of legislation that the hon. Members are mentioning.

1.00 hrs.

Shri Venkatasubbaiah referred to the assistance to the Parliamentary Committees by the C&AG. He himself knows that the reports of C&AG can be brought before Parliament

whenever necessary. These reports are gone into by the Public Accounts Committee and the Committee on Public Undertakings. Further, this Bill is not intended to regulate or deal with the functioning of Parliamentary Committees ; it is supposed to concern it with the functioning of the C & AG. As as Parliamentary Committees are concerned they can regulate their work as they like. Therefore, I do not know what exactly he had in mind when he made that suggestion.

SHRI P. VENKATASUBBAIAH : The functions of the C & AG, so far as assisting financial committees are concerned, are not specifically stated here

SHRI YESHWANTRAO CHAVAN : He is, in fact, doing that.

SHRI P. VENKATASUBBAIAH : That is by convention.

SHRI YESHWANTRAO CHAVAN : Sometimes conventions have more power than an Act.

SHRI P. VENKATASUBBAIAH : Here you have codified his duties and functions and yet this has been left out.

SHRI YESHWANTRAO CHAVAN : When it is accepted by Parliament as a convention I do not see any necessity to legislate for it.

The only other question which some hon. Members have raised is about his role so far as public financial institutions are concerned. We have discussed this question for hours together in the Joint Committee and this question has been gone into in greater detail. At present the Reserve Bank of India, the I.D.B.I. and the State Bank of India in their own legislation have provided that government can ask the C & AG to look into the problems of the workings of those institutions. If you see clauses 19 and 20, we have made a general provision on those lines that not only these institutions but any authority either the President or the Governor, can ask the C & AG or in the alternative the C & AG himself can ask for authority, to look into the working of some of the bodies. But to make them compulsorily subject to audit by C & AG is making the working of the C & AG impossible. In fact, that will not help the efficient functioning

the organisation of the C & AG. Where there is some reason to believe that there is something fishy, certainly the President or the Governor can ask the C & AG to look into the problem. But to make it statutorily obligatory for every institution to be subject to audit by C and AG is playing the game of obstacles. At least that is how I look at it. The technique of audit by the C and AG is of a different type. For example, a suggestion was made that all the nationalised banks should also be subjected to it as if the accounts of nationalised banks are at present not audited. Under their own Acts there is a provision for audit. There is internal audit. There is a special provision for audit. There is something like commercial audit. The audit that is done by the C and AG is a different type of audit. It is not that when we are not making them subject to the audit of the C and AG, they are allowed to run free.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : I do not know how you say that there are two different types of audit.

SHRI YESHWANTRAO CHAVAN : There are.

SHRI JYOTIRMOY BOSU : I beg to differ.

SHRI YESHWANTRAO CHAVAN : Unfortunately, you always differ with me. What can I do ?

SHRI JYOTIRMOY BOSU : There is only one type of audit unless you see through a dark pair of glasses.

SHRI YESHWANTRAO CHAVAN : I can see that you believe in what you say. But I do not want to enter into a debate on it.

It is rather oversimplification of the problem if, merely because we have a Comptroller and Auditor-General, we make everything subject to his audit. This is not logical. It may look logical but it does not fit into the working of the administration and the complex functions that we are taking over. But we have made a general provision that whenever Government feels it necessary that a certain body should be subject on certain occasions to the scrutiny of the Comptroller and Auditor-General, it can always be done. That provision is there.

SHRI S. M. BANERJEE (Kanpur) : PL-480 funds could also be audited

SHRI YESHWANTRAO CHAVAN : Another point that was made was about contracts. Shri C. C. Desai made that point. The question of negotiated contracts particularly was raised. Some of the people who came to give evidence before the Committee had also raised this question. This was examined and the Attorney-General has given the opinion that in terms of article 149 Parliament will not be competent to provide for audit by the C&AG in relation to the accounts of individual. This is our legal advice. This is our legal and constitutional point.

Secondly, it is also not practicable. Once this feeling is given that the C&AG is going to look into the whole contract, possibly it will be very difficult to get the contract. Sometimes, it is possible that they may push up the prices also. It may possibly work against efficient functioning.

SHRI P. VENKATASUBBAIAH : Including the audit charges.

SHRI YESHWANTRAO CHAVAN : Including the audit charges.

We went into all the aspects of the problem apart from the legal aspect and we ultimately came to the conclusion that this was neither a practical nor a legal proposition.

This provision was very thoroughly examined. Some of the Members of the Opposition, who were on the Committee, also saw the logic of it. Except one Member who had given his minute of dissent, all others saw the point that it was very difficult to make it workable and practicable. Therefore, this was not included in the Bill.

I, therefore, do not see any reason to accept any of the suggestions made.

SHRI P. VENKATASUBBAIAH : We made certain suggestions about the pay and all that of Accountants-General.

SHRI SEZHIYAN : Equate them with High Court Judges, Chief Secretaries etc.

SHRI YESHWANTRAO CHAVAN : Shri Venkatasubbaiah himself gave the history of the Constituent Assembly and said that the idea was to make them independent. But now they have been made agents of the C&AG. He is independent. His agents are responsible to him. To that extent they are independent. How can you make a provision for them in this Act?

SHRI P. VENKATASUBBAIAH : About their emoluments.

SHRI YESHWANTRAO CHAVAN : These are matters which can be considered. These are administrative problems. For that I do not see any necessity of any legislation now.

We are making the first attempt to have such a comprehensive legislation. Let us see how it functions. After the experience of the working of this Act, Parliament in its wisdom may again feel it necessary and Government may also feel it necessary to modify and make comprehensive amendments or to enlarge the scope of its working or perhaps Parliament in its wisdom might feel it necessary even to curtail the functioning of the C&AG; I do not know what experience will lead to. But at the present moment, I think, this legislation is comprehensive enough. It will give enough independence and power to the C&AG to work effectively and efficiently.

MR. CHAIRMAN : Now, I put the motion to the vote of the House. The question is :

"That the Bill to determine the conditions of service of the Comptroller and Auditor-General of India and to prescribe his duties and powers and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted

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

There is no amendment to clauses 2 to 5. So, I will put clause 2 to 5 to vote.

The question is :

"Clauses 2 to 5 stand part of the Bill."

The motion was adopted

Clauses 2 to 5 were added to the Bill

Clause 6—(Pension)

SHRI SEZHIYAN : I beg to move.

Page 3, line 28,—

for "fifteen" substitute "fourteen". (11)

Page 3, line 28,—

after "per annum" insert—

"with an additional pension of one thousand rupees in respect of each completed year of service as the Comptroller and Auditor-General." (12)

Page 3,—

omit lines 33 to 36. (13)

Page 3, line 41,—

for "fifteen" substitute "fourteen" (14)

Page 3, line 41,—

after "per annum" insert—

"with an additional pension of one thousand rupees in respect of each completed year of services as the Comptroller and Auditor-General" (15)

Pages 3 and 4,—

Omit lines 47 and 48 and 1 and 2 respectively. (16)

Page 4, line 5,—

for "fifteen" substitute "fourteen" (17)

Page 4, line 5,—

after "per annum" insert—

"with an additional pension of one thousand rupees in respect of each completed year of service as the Comptroller and Auditor-General" (18)

Page 4, line 22,—

for "fifteen" substitute "twenty" (19)

Sir, the basic idea of my Amendment Nos. 11 to 19 is to put the pension of the Comptroller and Auditor General on par with that of the Supreme Court Judge which goes upto 20,000. You have fixed it at Rs 15,000. I have put it on the basis of additional pension of Rs. 1000 in respect of each completed year of service as the Comptroller and Auditor-General. It will come to Rs 20,000 if he puts in six years. When you say that his salary is equal to that of the Judge of the Supreme Court, I want to put the pension also on the same logic.

SHRI YESHWANTRAO CHAVAN : I may explain it briefly. Really speaking, the provision of pension was less than Rs. 15,000. In terms of pounds, it comes to Rs. 13,000 or so. As a matter of fact, in the Joint Committee, we thought that we should enhance it. Even this Rs. 20,000 or whatever is the amount is the maximum. So, it depends upon the number of years of service he puts in. In the case of C. A. G., a person who may not be in any service, who may not be a high Court Judge, can only serve for six years. It is quite conceivable that a person who has not served anywhere, can only serve for six years and can get Rs. 15,000 as pension. Therefore, it is the maximum thing that is provided here.

What the Joint Committee thought was this. Suppose a person, though he has a tenure of six years of service, resigns before he completes six years. He should not get the maximum of Rs. 15,000. So, it is based on the number of years of service he has put in. I personally think that the provision for pension is quite liberal than the existing provision and no change is necessary.

MR. CHAIRMAN : I first put Amendment Nos. 11 to 19 to the vote of the House.

*Amendments Nos. 11 to 19 were put
and negatived*

MR. CHAIRMAN : The question is :

"That clause 6 stands part of the Bill"

The motion was adopted

Clause 6 was added to the Bill

MR. CHAIRMAN : There is no amendment to clauses 7 to 9. So, I put them to vote of the House.

The question is :

"That clauses 7 to 9 stand part of the Bill"

The motion was adopted

Clauses 7 to 9 were added to the Bill

New Clause 9A

SHRI ATAL BIHARI VAJPAYEE : I beg to move :

Page 5,—

after line 15, insert—

"9A. The status, salary and service conditions of the officers and the staff of the department of the Comptroller and Auditor-General shall be at par with corresponding levels in the Central Secretariat.

Explanation. If any question arises as to what are the corresponding levels in the Central Secretariat, the decision of the Comptroller and Auditor-General thereon shall be final." (6)

The status, salary and service conditions of the officers and the staff of the department of the Comptroller and Auditor-General shall be at par with corresponding levels in the Central Secretariat.

I am not demanding any higher status but they should be at par and if any question arises as to what are the corresponding levels in the Central Secretariat, the decision of the Comptroller and Auditor-General thereon shall be final

SHRI YESHWANTRAO CHAVAN : I think in my general reply I had mentioned this question that really speaking at the

[Shri Yeshwantrao Chavan]

present moment the rules and service conditions are prescribed in consultation with the Comptroller and Auditor-General and if there are any other points which the Comptroller and Auditor-General may raise, certainly they can be considered. I don't think for that matter any legislative provision is necessary.

Sir, I cannot accept the amendment.

SHRI ATAL BIHARI VAJPAYEE : Do you at least accept the spirit of the amendment that they should be on par, if not higher.

SHRI YESHWANTRA CHAVAN : I think this is a question of details. I cannot merely say which office is equivalent to which office. It is a matter of detailed discussion with them. Either I cannot say that I accept it in principle or I do not accept it.

MR. CHAIRMAN : Now, I will put the amendment of Mr. Vajpayee to the vote of the House.

Amendment No. 6 was put and negatived.

MR. CHAIRMAN : There are no amendments to Clauses 10 and 11. Now, the question is :

"That Clauses 10 and 11 stand part of the Bill."

The motion was adopted.

Clauses 10 and 11 were added to the Bill.

MR. CHAIRMAN : There is one amendment to clause 12 by Shri Mishra ; he is not here ; so, it is not moved. The question is :

"That Clause 12 stand part of the Bill."

The motion was adopted.

Clause 12 was added to the Bill.

Clause 13 was added to the Bill.

Clause 14—*(Audit of receipts and expenditure of bodies or authorities substantially financed from Union or State Revenues.)*

MR. CHAIRMAN : Now we go to Clause 14. Shri Vajpayee has got amendments Nos. 7 and 8. Are you moving ?

SHRI ATAL BIHARI VAJPAYEE : Sir, I beg to move :

Page 7, line 5,—

after "authority" insert—

"or is otherwise over rupees fifty lakhs" (7)

Page 7,

after line 7, insert—

"*Explanation II*,—Grant includes assistance by way of subsidy and loan includes any loan from any service to which any guarantee has been intended by or on behalf of Government." (8)

I move these amendments Let the hon. Minister accept them.

MR. CHAIRMAN : You don't want to speak. He has also not to say anything. Now I will put amendments Nos. 7 and 8 to the vote of the House.

Amendments Nos. 7 and 8 were put and negatived.

MR. CHAIRMAN : Now, the question is :

"That Clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Clause 15—*(Functions of Comptroller and Auditor General in the case of grants or loans given to other authorities or bodies.)*

MR. CHAIRMAN : There are amendments by Shri Desai and Shri Sezhiyan. Shri Mishra is not here.

SHRI C.C. DESAI : I beg to move :
Page 7,—

after line 22, insert—

"Note—Grants include Subsidies." (1)

I hope the Finance Minister will accept it. This is only clarificatory in nature and there is no principle involved in this. So, I trust he will accept it.

SHRI YESHWANTRAO CHAVAN : He has given a clarificatory principle which I cannot accept. I am sorry I cannot accept that.

SHRI SEZHIYAN : I beg to move :

Page 7, line 8,—

after "grant" insert "subsidy" (20)

After 'grant' I put the word 'subsidy'. That you can accept

SHRI YESHWANTRAO CHAVAN : I am sorry ; it is not so simple as that.

SHRI SEZHIYAN : I beg to move :

Page 7, line 14,—

after "grants" insert, "subsidies" (21)

Page 7, line 21,—

for "after consultation with him"

substitute "with his concurrence" (22)

Page 7, line 22,—

after "grant" insert, "subsidy" (23)

Page 7, line 28,—

after "grant" insert, "subsidy" (24)

MR. CHAIRMAN : So, now I will put amendment No. 1 and Nos. 20 to 24 to the vote of the House.

Amendments Nos 1, and 20 to 24 were put and negatived.

MR. CHAIRMAN : Now the question

"That Clause 15 stand part of the Bill."

The motion was adopted.

Clause 15 was added to the Bill.

Clauses 16 to 18 were added to the Bill.

Clauses 19—(Audit of Government companies and Corporations)

MR. CHAIRMAN : There are certain amendments, Mr. Vajpayee's amendment is No. 9. Are you moving ?

SHRI ATAL BIHARI VAJPAYEE : Yes, I am moving. I beg to move :

Page 8,—

for lines 20 to 24, substitute—

"(2) The duties and powers of the Comptroller and Auditor-General in relation to the audit of the accounts of banks, financial institutions, insurance companies and corporations owned by the Central or State Government shall be the same as those in respect of a Government company." (9)

SHRI C. C. DESAI : I beg to move :

Page 8,—

after line 19, insert,—

"(1A) Notwithstanding the provisions in sub-section (1), the Comptroller and Auditor General may, at his discretion, audit the accounts of a Company (not being a Government company), in which not less than Rupee one crore is invested and not less than 25 per cent of the paid-up share capital is held by the Union Government or by any State Government or Governments, or partly by the Union Government and partly by one or more State Governments and report thereon. He may also at his discretion audit the accounts of a Company (not

[Shri C. C. Desai]

being a Government Company) in which not less than Rupees one crore is invested and not less than 25 per cent. of the paid-up share capital is held by a statutory Corporation or authority or body financed entirely or substantially by the Union or a State Government, or by a Government company or partly by such a statutory Corporation or authority or body and partly by one or more Government Companies. and report thereon. For this purpose, he shall have access to and the right to examine the relevant books, documents, papers and records of the Company and to call for such information as he may require :

Provided that, where the President or the Governor of a State, as the case may be, determines in any case after consultation with the Comptroller and Auditor General that it will not be in the public interest so to do, the above provisions shall not apply." (2)

SHRI SEZHIYAN : I beg to move :

Page 8, lines 34 and 35,—

for "after consultation with"*substitute—*

"with the concurrence of" (26)

Page 8, —

(i) *for* the marginal heading to Clause 19,
substitute

"Audit of Government companies, other Companies and Corporations."

(ii) *after* line 19, *insert—*

(1A) Notwithstanding the provisions in sub-section (1), the Comptroller and Auditor General may, at his discre-

tion, audit the accounts of a Company (not being a Government Company), in which not less than rupees one crore is invested and not less than 25 per cent of the paid-up share capital is held by the Union Government or by any State Government or Governments, or partly by the Union Government and partly by one or more State Governments, and report thereon. He may also at his discretion audit the accounts of a Company (not being a Government Company) in which not less than rupees one crores is invested and not less than 25 per cent of the paid-up share capital is held by a statutory Corporation or authority or body financed entirely or substantially by the Union or a State Government, or by a Government Company or partly by such a statutory Corporation or authority or body and partly by one or more Government Companies, and report thereon. For this purpose, he shall have access to and the right to examine the relevant books, documents, papers and records of the Company and to call for such information as he may require :

Provided that, where the President or the Governor of a State, as the case may be, determines in any case, with the concurrence of the Comptroller and Auditor-General, it will not be in the public interest so to do, the above provisions will not apply." (25)

SHRI C. C. DESAI : The point here is that there may be companies where the Government capital may be less than 50 per cent, but the investment may be so high that it is desirable to bring the accounts of those companies under the scrutiny of the Comptroller and Auditor-General. This principle of 51 per cent cannot be sacrosanct. It will depend upon the industry and the magnitude of the

investment If the investment is a crore of rupees or two crores of rupees, even though in terms of percentage, it may be less than 51 per cent, is there any reason why the Comptroller and Auditor General's jurisdiction should be excluded? The Finance Minister in his reply has said that some of these companies might feel some difficulties or there may be some difficulties in regard to foreign collaboration and so on. I do not think so. I have sufficient experience of foreign collaboration and I can tell you that the foreign collaborators get accustomed to Government regulations and Government requirements very well and if there is a provision that in such companies and in such corporations where the investment is more than a crore of rupees the jurisdiction of the Comptroller and Auditor General should be extended they will accept it. The difficulty is with the Finance Ministry and the question is whether the Finance Ministry will accept it.

SHRI YESHWANTRAO CHAVAN I am not accepting it.

SHRI SEZHIYAN I would only quote a few sentences from the Fifty First Report of the Estimates Committee of the Fourth Lok Sabha. They had made a unanimous recommendation, which was accepted by the House, and I feel that the hon. Minister may also reconsider his made up mind and accept this amendment of mine. The Committee had recommended:

"The Committee note that under the Companies Act, 1956, the Comptroller and Auditor-General is not responsible for the audit of the accounts of the companies which are not Government companies. Oil India Ltd is not a Government company as defined in the Companies Act, 1956 and hence its accounts are not audited by the Comptroller and Auditor-General of India. The Committee feel that as Government holds 50 per cent shares in Oil India Ltd and has invested Rs. 14 crores in the share capital of this company and has paid over Rs. 18 crores as subsidy, it would have been appropriate for Government to have the accounts of the company audited by the Comptroller and Auditor-General before the payment of subsidy. The Committee have already recommended that the accounts of the companies

since 1962 may be examined by the Government auditors. The Committee further feel that Government should consider the advisability of getting the accounts of companies where they hold 25 per cent or more shares and where the investment exceeds Rs. 1 crore test-audited by the Comptroller and Auditor-General."

We only want test auditing or supplementary auditing. We do not want to have a voucher audit as is done by the internal auditors. We want test auditing only where the percentage exceeds 25 per cent and the investment is more than Rs. 1 crore. I do not want smaller companies to be audited where the contribution from Government is less than 25 per cent and where the investment is less than Rs. 1 crore.

SHRI YESHWANTRAO CHAVAN As I have said some of these things can be considered at a later stage. But at the present moment, with the experience that I have got of the working, I think that it will amount to frightening away people. If we have 51 per cent shares, then it would be very legitimate for us to refer the matter to the Comptroller and Auditor General because we are in a majority. But when we are in a minority, because we perhaps want them to be there, it would merely amount to frightening them away. To say that they get used to Government policy is one thing, to say that they get used to the methods of auditing by the Comptroller and Auditor-General is quite another. Shri C. C. Desai is a practical administrator, and I hope he would see the strength of my argument and perhaps agree to withdraw his amendment.

SHRI JYOTIRMOY BASU The same line of thinking as before.

MR CHAIRMAN I shall now put amendments Nos. 2, 9, 25 and 26 to the vote of the House.

Amendments Nos. 2, 9, 25 and 26 were put and negatived

MR CHAIRMAN The question is .

"That clause 19 stand part of the Bill"

The motion was adopted

Clause 19 was added to the Bill.

New clause 19 A

SHRI SEZHIYAN : In view of the assurance given by the Minister, I am not moving my amendment relating to the inclusion of the FCI. I reiterate that the amendment to the FCI. Act should be brought before this House in this session itself.

SHRI YESHWANTRAO CHAVAN : We will do that.

SHRI C. C. DESAI : I beg to move :

Page 8,—

after line 37, insert—

"19A. The Comptroller and Auditor-General shall, until the expiry of three years after final payment, have access to and the right to examine any directly pertinent books, documents, papers and records of contractors or any of the sub-contractors engaged in the performance of and involving transactions related to contracts or sub-contracts, where the value of a contract entered into on behalf of the President or the Governor of a State, as the case may be, is not less than rupees one crore and the contract has been entered into on the basis of negotiation and not as a result of open competitive tenders. All such contracts shall include a clause to the above effect :

Provided that where the President or the Governor of a State, as the case may be, determines in any case after consultation with the Comptroller and Auditor-General that it

will not be in the public interest so to do, the above provision shall not apply." (4)

The experience of the USA should be a guide for us. There they have got this legislation and no difficulty has been experienced. I see no reason why we should apprehend difficulties when in similar circumstances other countries have not.

SHRI YESHWANTRAO CHAVAN : I am not accepting it.

SHRI SEZHIYAN : The Minister quoted the opinion of the Law Ministry that the Auditor General's going into individual accounts is not permissible. The ARC in its report on finance and accounts makes a specific recommendation saying that the audit in its discretion has the right to go into the accounts of contractors with whom contracts of the value of a crore of rupees are entered into by Government through direct negotiation as against open competitive tender. Was this recommendation taken into account when the opinion was given ?

SHRI YESHWANTRAO CHAVAN : Yes, it was because this question was raised in the Joint Committee and there was a recommendation by the ARC that this question was legally examined and this provision was put in.

MR. CHAIRMAN : I shall now put amendment No. 4 to vote.

Amendment No. 4 was put and negatived.

SHRI C. C. DESAI : I beg to move :

Page 8,—

after line 37, insert—

Audit of Financial and credit Institutions.

"19A. Notwithstanding the provisions contained in section 19, the Comptroller and Auditor-General shall have powers to conduct a supplementary or test audit of the accounts of the following and other similar financial institutions in which Government or Reserve Bank or State Bank or Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 have substantial financial interests, and report thereon :—

- (a) Life Insurance Corporation of India.
- (b) Reserve Bank.
- (c) State Bank.
- (d) Banking Companies acquired under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

- (e) Unit Trust of India.
- (f) Industrial Finance Corporation,
- (g) Industrial Development Bank.

When he exercises such power, the provisions of section 619 of the Companies Act, 1956 shall, as far as may be, be applied to such supplementary or test audit as if the said Financial Institution were a Government Company within the meaning of Section 617 of the Companies Act, 1956 :

Provided that the President shall, after consultation with the Comptroller and Auditor-General, determine and specify by order, specific areas in relation to the activities of these Institutions to which supplementary or test audit by the Comptroller and Auditor-General shall not extend :

Provided further that the President shall cause to be laid before each House of Parliament every order issued in this behalf as soon as may be, after it is issued, while the Parliament is in session for a total period of thirty days which may be comprised in one session or any two successive sessions and if before the expiry of session in which it is so laid or the session immediately following, both Houses agree in making any modification in the order or both Houses agree that order should not be issued, the order shall there upon have effect only in such modified form or be of no effect as the case may be ; so, however, that any such modification or amendment shall be without prejudice to the validity of any thing previously done under that order." (5)

This amendment deals with financial and credit institutions about which there has been considerable discussion in the House.

There was a consensus in both sides of the House that this institution should be brought within the scope of the Comptroller

and Auditor-General. Not only that. I hope that the Finance Minister will at least see that these institutions are brought within the scope of the Committee on Public Undertakings. The matter is pending in the Finance Ministry and is meeting with a certain amount of resistance on the part of the officers. So, at least I hope that he will see that they go before the Committee on Public Undertakings even if they do not go before the Public Accounts Committee.

SHRI YESHWANTRAO CHAVAN : As far as the amendment is concerned, certainly I cannot accept it. As far as the other suggestion is concerned, it can always be considered.

MR. CHAIRMAN : I shall now put the amendment to the vote.

The Amendment No. 5 was put and negatived

MR. CHAIRMAN : There is an amendment in the name of Shri S. N. Mishra. He is not here. That is not moved. So, I put the question. The question is :

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

New Clause 20 A

MR. CHAIRMAN : There are amendment Nos. 10, 28 and 29 to new clause 20A.

SHRI SEZHIYAN : I move :

Page 9, —

after line 19, insert —

"20A. Notwithstanding the provision contained in section 19, the Comptroller and Auditor-General shall have powers to conduct a supplementary or test audit of the accounts of the following and other similar financial institutions in which Government or Reserve Bank or State Bank or Banking Companies acquired under the

Audit of Financial and Credit Institutions.

[Shri Sezhiyan]

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 have substantial financial interests, and report thereon :

- (a) Life Insurance Corporation of India.
- (b) Reserve Bank.
- (c) State Bank.
- (d) Banking Companies acquired under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- (e) Unit Trust of India.
- (f) Industrial Finance Corporation.
- (g) Industrial Development Bank.

When he exercises such power, the provisions of section 619 of the Companies Act, 1956 shall, as far as may be, be applied to such supplementary or test audit as if the said Financial Institutions were a Government Company within the meaning of section 617 of the Companies Act, 1956 :

Provided that the President shall, after consultation with the Comptroller and Auditor General, determine and specify by order, specific areas in relation to the activities of these Institutions to which supplementary or test audit by the Comptroller and Auditor-General shall not extend :

Provided further that the President shall

Page 9, —

after line 19, insert —

Audit of the accounts of contractors or sub-contractors of Government.

"20A. The Comptroller and Auditor-General shall, until the expiry of three years after final payment, have access to and the right to examine any directly pertinent books, documents, papers and records of contractors or any of the sub-contractors engaged in the performance of and involving transactions related to contracts or sub-contracts, where the value of a contract entered into on behalf of the President or the Governor of a State, as the case may be, is not less than rupees one crore and the contract has been entered into on the basis of negotiation and not as a result of open competitive tenders. All such contracts shall include a clause to the above effect :

Provided that where the President or the Governor of a State, as the case may be, determines in any case after consultation with the Comptroller and Auditor-General that it will not be in the public interest so to do, the above provision will not apply."

(29)

SHRI ATAL BIHARI VAJPAYEE : I move.

MR. CHAIRMAN : Motion moved :

"That the Bill be passed."

Page 9,

after line 21, insert—

"20A. (1) The Comptroller and Auditor-General of India shall frame the estimates for the administrative expenses of the Indian Audit and Accounts Department and the estimates so framed shall be included in the annual financial statement of the Government of India to be laid before both the Houses of Parliament.

(2) The Comptroller and Auditor-General of India shall have full powers to incur expenditure out of the grant made by Parliament towards the administrative expenses of the Indian Audit and Accounts Department." (10)

SHRI SEZHIYAN : I do not know whether the Finance Minister is moved by our moving them.

MR. CHAIRMAN : The Finance Minister—well, he is not accepting them. I shall put the amendments to the vote.

Amendments Nos. 10, 28 and 29 were put and negatived.

MR. CHAIRMAN : I then take clauses 21 to 26. There are no amendments. I put the question :

"The question is that clause 21 to 26 stand part of the Bill."

The motion was adopted.

Clauses 21 to 26 were added to the Bill.

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

SHRI YESHWANTRAO CHAVAN : Sir, I move :

"That the Bill be passed."

SHRI JYOTIRMOY BOSU (Diamond Harbour) : Sir, I want to say a few things. They have been talking about Supreme Court judge, and the Comptroller and Auditor-General. Now, one has to realise that the two job expectations are quite different. A Supreme Court judge would easily go on with the job quite efficiently with a couple of stenographers' assistance, but in a developing country such as ours, public investment is every day increasing and the sphere where the Auditor-General is required to function and to devote more attention and energy is far more wider than what a Supreme Court judge is expected to perform. Therefore, while making a provision for such a machinery which would be functioning with the Auditor-General, that has got to be borne in mind.

Now, it is a fact and none can dispute it, that the standard and quality of auditing is going down every day. What it had been when the country was being ruled by foreigners and the standard of auditing today, is like chalk and cheese. There is no comparison between the two. You have to arrest the deterioration. I do not really know whether you will be able to do it ; I do not think that you will do it. But it is a matter which everybody has to take note of.

We cannot lose the sight of another factor that auditing is a very unpleasant task. Unless you properly equip that man whom you depute to do an unpleasant task, how do you expect him to do the job or deliver the goods ? So it will be very unfair and improper for us to accept position, that the man in the audit department does not enjoy sufficient power and status. That is the thing which this Government had failed to recognise.

To my utter surprise he mentioned that he had different standards of auditing in mind.

SHRI YESHWANTRAO CHAVAN : I did not say different standards. I said different types of audit.

SHRI JYOTIRMOY BOSU : I have been searching my mind. With whatever little experience and knowledge that I have in that direction, I cannot find any reason behind that.

[Shri Jyotirmoy Bosu]

There cannot be two types of auditing. There is only one type of auditing. You audit the books of accounts theoretically and you go in for physical check and verification. You have not said that.

Now the time has come when you must go for cost account auditing. That is the subject you have not dared to touch because then the whole structure will tumble down immediately, because you will be putting your hands in a bee-hive. As far as the superficial audit is concerned, the audit to which you have been accustomed, even in regard to that the structure is not sufficient.

I ask you a straight question. What about legislation? You have said quite frankly that you have no intention of bringing that Bill. I do really hope that in your reply to what has been said in this House you will support your attitude by reasons.

SHRI YESHWANTRAO CHAVAN : The hon. Member has made a speech which he could possibly have made even to the first reading stage. I had anticipated these arguments. Some other Members have advanced these arguments and I have replied to them.

As far as legislation is concerned I said that at the present moment there is no proposal before the Government to bring forward such a legislation. It does not mean, however, that Government would not change its mind or would not bring in legislation.

SHRI JYOTIRMOY BOSU : What is the reason?

SHRI YESHWANTRAO CHAVAN : We do not think it necessary at the moment. We do not legislate for the sake of legislation. We do so when it is likely to be of use. Otherwise there is no use of burdening the statute book with all types of legislation.

MR. CHAIRMAN : The question is :

"That the Bill be passed."

The motion was adopted.

17-44 hrs.

TAXATION LAWS (AMENDMENT) BILL

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : I move* :

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957 and the Gift-tax Act, 1958, be taken into consideration."

The Taxation Laws (Amendment) Bill, 1971 was introduced in this House on 12th August, 1971 and has thus been before the country for over 13 weeks. Hon. Members would no doubt have examined this Bill in detail and I, therefore, consider my task as fairly simple. With the indulgence of the House, I will avail of this opportunity to explain the rationale behind the proposals in the Bill and to touch upon some of its important features. Later, at the time of clause-by-clause consideration of the Bill I propose to move certain amendments in order to bring out the intention underlying some of the provisions more clearly and to remove certain deficiencies that have since come to my notice.

The practice of under-stating values of immovable properties in sale deeds has assumed alarming proportions in recent years. This enables the vender of the property to avoid his tax liability in respect of capital gains arising on sale and also to create a hoard of secret wealth for avoiding income-tax, wealth-tax, gift-tax and ultimately the estate duty liability as well. The unrecorded part of the price can be utilised for financing business or investments outside the books of account or for incurring lavish personal expenditure. The vendee, apart from avoiding stamp duty and municipal taxes, is able to utilise his money on which taxes have been evaded. The understatement of values of immovable properties in sale deeds thus operates as a powerful device for tax evasion with all its attendant evils. One of the main objects of the present Bill is to counter-act tax evasion through this device.

The Bill seeks to insert a new Chapter XXXA in the Income tax Act with a view to empowering the Central Government to

*Moved with the recommendations of the President.