

1. "Accounting was an executive function where as auditing a quasi-parliamentary function." Discuss the statement in view of the new role of CAG in the light of 1971 Act.

**Answer:**

Article 148 of the Constitution of India provides for an independent office of the Comptroller and Auditor General (CAG) of India. Article 149 lays down the duties and powers of the CAG. He is appointed by the President of India and can be removed similar in way the judges of Supreme Court, under the process mentioned in the article 124(4). Sufficient safeguards have been included in the Constitution to ensure the independence and impartiality of CAG. The parliament has enacted the CAG (Duties, Power & Conditions of Service) Act, 1971, which was amended in 1976 to separate accounts from audit in the Central government. CAG now takes up only audit activities of the Central Government and accounts are handled by the CGA (Controller General of Accounts), which works within the Finance Ministry. However, both auditing and accounting activities are taken up by the CAG for the State Governments. Under this act the framework of the functioning of the CAG was given a legislative sanction. Under this act both accounting and auditing functions were assigned to the CAG. The rationale was that the person who has created the accounts is an expert in the accounting activities and therefore should be also assigned auditing responsibilities.

However off-late it was realized that accounting is an executive function and auditing was a quasi-parliamentary function. Auditing is an activity by which accountability is extracted out of the accountants, therefore assigning both the functions to the same agency would create a mockery of accountability. This act was therefore amended in 1976 to separate accounts from audit in the central government. The CAG was henceforth assigned only auditing functions and a separate executive body was created for accounting.

The office of the CAG in the recent times has been confronting several challenges, especially while focusing on performance audits etc. The key aspects of Good Governance include political accountability, bureaucratic accountability, freedom of information, least cost of governance, eradication of corruption, and effective & efficient administrative system. These aspects can be manifested into the following challenges: i) appointments of generalists to the position of CAG of India, ii) demand for separate CAG for states on account of fiscal autonomy and decentralization, iii) delaying nature of auditing leading to its ineffectiveness, iv) discretionary power of auditors for selective areas for auditing, v) accounts as the sole basis for auditing and lack of CAG's authority, vi) fear among the public servants leading to delays and inefficiencies of public servants, vii) massive transfer of funds from central to state to local bodies, viii) funding of government companies and statutory corporations, ix) unholy nexus between government and corporates in a liberalized economy, and, x) controversy over the exercise of power by the CAG with respect to policy decisions. The way the CAG tackles these challenges will be an aspect of immense appreciation at this juncture.

## PRACTICE QUESTIONS

### Answer the following Questions

1. What are jet streams? How do they influence rainfall in India? (150 words)
2. Illustrating the mountain building process that led to the formation of Himalayas, elaborate why they are often referred to as young and restless mountains. (150 words)

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