



## Comptroller and Auditor General of India

**For Prelims:** [Comptroller and Auditor General](#), [Supreme Court](#), [Election Commission](#), [Union Public Service Commission](#), [President of India](#), [Consolidated Fund of India](#), [International Atomic Energy Agency](#)

**For Mains:** Significance of the Comptroller and Auditor General of India, Financial Integrity and Accountability.

**Source:** [IE](#)

### Why in News?

K Sanjay Murthy has been appointed as the new [Comptroller and Auditor General \(CAG\) of India](#), succeeding **Girish Chandra Murmu**.

### What are the Key Facts About the Comptroller and Auditor General?

- **About:** The CAG of India, as per **Article 148 of the Constitution**, heads the **Indian Audit and Accounts Department (IA-AD)**. He/she is responsible for safeguarding the public purse and overseeing the financial system at both the central and state levels.
  - The CAG upholds the **Constitution and parliamentary laws** in financial administration and is considered one of the key pillars of India's democratic system, alongside the [Supreme Court](#), [Election Commission](#), and [Union Public Service Commission](#).
  - CAG of India is governed by the **Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971**, with significant amendments in 1976, 1984, and 1987.
- **Appointment and Term:** The CAG of India is appointed by the [President of India](#) by a **warrant under his hand and seal**. The officeholder serves a **term of six years or until the age of 65**, whichever is earlier.
  - The CAG takes an **oath** to uphold the Constitution and perform duties impartially, without fear or favour.
  - CAG removal is possible by the **President** on the same grounds and process as a [Supreme Court judge](#), requiring a special majority resolution in both Houses of Parliament for proven **misbehaviour or incapacity**.
  - CAG can resign any time from his office by addressing the resignation letter to the president.
- **Independence:** The CAG can only be removed by the President following a constitutional procedure, **not at the President's pleasure**.
  - The CAG is ineligible for any **further office** under the Government of India or any state after leaving office.
  - The Parliament determines the CAG's salary, which is equal to that of a Supreme Court judge.
  - **The President, in consultation with the CAG**, prescribes the service conditions for CAG's staff and administrative powers.

- The CAG's administrative expenses, including salaries, allowances, and pensions, are charged upon the [Consolidated Fund of India](#), not subject to Parliamentary vote.
- No minister can represent the CAG in Parliament or take responsibility for his actions.
- **Duties and Powers:** The CAG audits the **accounts** related to the expenditure from the **Consolidated Fund of India** and state funds.
  - It also audits accounts of **government corporations**, public sector undertakings, and bodies substantially funded by the government.
  - The CAG provides a **certificate** on the net proceeds of taxes and duties, and audits transactions related to debt, advances, and suspense accounts.
  - The CAG submits **audit reports** to the **President**, who places them before Parliament. These reports are then examined by the [Public Accounts Committee](#).
- **Role:** The CAG acts as an agent of [Parliament](#), ensuring that public money is spent legally and efficiently.
  - Reviews whether money disbursed was legally available and applied correctly and whether expenditure conforms to the governing authority.
  - The CAG is responsible for **safeguarding the taxpayers' money** and ensuring that it is spent in accordance with the law and for its intended purposes.
  - In addition to legal and regulatory audits, the **CAG can conduct propriety audits**, that is, he can assess the **wisdom, faithfulness, and economy of government expenditure**, and comment on **wastefulness and extravagance**.
    - Unlike legal and regulatory audits, which are obligatory, propriety audits are discretionary.
  - The CAG in **India does not have control over the issuance of funds** and performs the **role of Auditor-General only**, unlike the **CAG in Britain, which also functions as a Comptroller**.
- **International Audits:**
  - **IAEA (2022-2027):** CAG is the External Auditor for the [International Atomic Energy Agency](#), promoting the safe use of nuclear technologies.
  - **FAO (2020-2025):** CAG audits the [Food and Agriculture Organization](#), working towards global food security.

## Constitutional Provisions Regarding CAG of India

Provision	Description
<b>Article 148</b>	Deals with the appointment, oath, and conditions of service of the CAG of India.
<b>Article 149</b>	Specifies the duties and powers of the CAG of India.
<b>Article 150</b>	States that the accounts of the Union and States must be kept in a form prescribed by the President on the advice of the CAG.
<b>Article 151</b>	Requires the CAG's reports on Union accounts to be submitted to the President and laid before Parliament; state reports to be submitted to the Governor and laid before the State Legislature.
<b>Article 279</b>	Provides that the <b>CAG certifies the calculation of "net proceeds"</b> and its certificate is final.
<b>Third Schedule</b>	Section IV prescribes the oath or affirmation to be made by the Judges of the Supreme Court and the CAG upon assuming office.
<b>Sixth Schedule</b>	Specifies that accounts of District or Regional Councils should be kept in a form prescribed by the CAG and audited accordingly. Reports are to be submitted to the Governor for laying before the Council.

## How Does the CAG Strengthen Democracy?

- **Ensuring Accountability:** Key principles of [India's democratic framework](#) are

**accountability, citizen engagement, and decentralization.** As governance becomes more complex, these principles must be upheld through robust mechanisms.

- The CAG of India ensures government accountability in public fund usage, **preventing misuse of taxpayer money** and promoting **governance in citizens' best interests**, which is essential in a **democracy**.
- **Strengthening Local Governance:** CAG supports **Panchayati Raj Institutions (PRIs)** and **urban local bodies** through capacity building and guidance.
  - Through **Annual Technical Inspection Reports (ATIR)**, it assesses local government performance in service delivery. To address the shortage of skilled accountants, the CAG, in collaboration with **the Institute of Chartered Accountants of India (ICAI)**, offers online courses.
- **Safeguarding Separation of Powers:** Audits ensure the executive's financial activities align with legislative intent, maintaining a **balance of power**.
- **Citizen-Centric Approach:** By placing citizens at the heart of audit processes, the CAG ensures that the implementation of government programs reflects the aspirations of the people.
  - Citizen feedback helps the CAG identify high-risk areas where mismanagement may occur, improving the focus and effectiveness of audits.

## What Major Scandals Has the CAG Uncovered?

- The CAG has been instrumental in exposing several high-profile cases of corruption and financial irregularities.
  - **2G Spectrum Allocation Scam:** CAG highlighted a loss of Rs 1.76 lakh crore.
    - A report by the CAG of India revealed that the Indian government **allocated 2G spectrum licenses at significantly undervalued prices**, bypassing free and fair auctions.
  - **Coal Mine Allocation Scam:** CAG estimated wrongful gains of Rs 1.85 lakh crore.
    - The **Coal Scam, popularly known as Coalgate**, refers to the irregular and **potentially illegal allocation of coal blocks** from 2004 to 2009, bypassing competitive bidding despite the government's authority to do so.
  - **Fodder Scam:** CAG uncovered fraudulent withdrawals worth Rs 940 crore.
    - The **Fodder Scam, or Chaara Ghotala**, involved financial irregularities in Bihar's Animal Husbandry Department between 1985 and 1995.

## What are the Criticisms Regarding the Functioning of the CAG in India?

- **Declining Number of Reports Tabled:** The number of audit reports tabled by the CAG in Parliament has declined significantly, from 53 in 2015 to just 18 in 2023, raises concerns about **reduced oversight and transparency in government spending**, potentially hindering the identification of financial irregularities.
  - Additionally, the CAG audits many companies and government bodies directly, but evaluates only a few each year, leaving many audits pending.
- **Post-Facto Audits:** The CAG's auditing function is largely post-facto, meaning that audits occur after government expenditures have been made, **rather than being involved in decision-making processes upfront**.
  - This approach limits the CAG's ability to prevent financial mismanagement or irregularities before they occur.
  - Essentially, the CAG performs a postmortem of financial transactions. While post-facto audits are useful for identifying issues, they **do not contribute to proactive financial oversight**.
- **Limited Importance of the CAG's Function:** Auditors **focus on auditing, not administration**, making their function necessary but limited in perspective and usefulness. Additionally, CAG does not have a **role in pre-auditing** before the issuance of the budget.
- **Insufficient Economic Expertise:** Critics argue that the CAG lacks sufficient economic expertise, especially when auditing complex sectors like **natural resources**.
  - The Indian Audit and Accounts Department (IA&AD) has seen a significant decline in staffing, from 48,253 in 2013-14 to 41,675 in 2021-22. This reduction may affect the **CAG's ability to conduct thorough audits**, potentially leading to gaps in scrutiny and hindering transparency and accountability.

- **Delay in Reporting:** There are often delays in the submission of documents to the CAG and in the tabling of CAG reports in Parliament, which can hinder timely accountability.

## What Reforms are Needed for CAG?

- **Amendments to the CAG Act:** The CAG Act of 1971 should be amended to reflect modern governance needs and improve accountability.
- **Selection Process:** Establish a **collegium** comprising the **President, Chief Justice of India, Prime minister, and Leader of Opposition** for appointing the CAG.
  - This approach ensures a more impartial and legitimate selection process, promoting fairness and transparency.
- **Adaptation to New Challenges:** The CAG needs to adapt to auditing **new areas such as climate change and critical technologies**. This adaptation is crucial for ensuring comprehensive oversight and accountability in these **emerging sectors**.
- **Capacity Building:** Enhance the training and capacity of CAG staff, especially in specialised areas like natural resources, technology, and complex economic sectors, to improve the quality of audits.
- **Feedback Mechanism:** Establish a robust feedback mechanism to address the concerns and suggestions of audited entities, ensuring that audits are constructive and lead to improvements.

## Conclusion

The CAG stands as a **watchdog of financial propriety and a guardian of democratic accountability**. While it has made significant strides in strengthening governance and exposing corruption, there is room for further reforms to ensure its **relevance in a rapidly evolving economic and political landscape**. By enhancing its mandate and modernizing its operations, the CAG can continue to play a pivotal role in safeguarding India's democracy and public trust.

### **Drishti Mains Question:**

Examine the role of the Comptroller and Auditor General of India in safeguarding public financial accountability. How do constitutional provisions empower the CAG?

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### **Prelims**

**Q. In India, other than ensuring that public funds are used efficiently and for intended purpose, what is the importance of the office of the Comptroller and Auditor General (CAG)? (2012)**

1. CAG exercises exchequer control on behalf of the Parliament when the President of India declares national emergency/financial emergency
2. CAG reports on the execution of projects or programmes by the ministries are discussed by the Public Accounts Committee.
3. Information from CAG reports can be used by investigating agencies to press charges against those who have violated the law while managing public finances.
4. While dealing with the audit and accounting of government companies, CAG has certain judicial powers for prosecuting those who violate the law.

**Which of the statements given above is/are correct?**

- (a) 1, 3 and 4 only
- (b) 2 only
- (c) 2 and 3 only
- (d) 1, 2, 3 and 4

**Ans: C**

**Mains**

**Q1:** “The Comptroller and Auditor General (CAG) has a very vital role to play.” Explain how this is reflected in the method and terms of his appointment as well as the range of powers he can exercise. **(2018)**

**Q2:** Exercise of CAG’s powers in relation to the accounts of the Union and the States is derived from Article 149 of the Indian Constitution. Discuss whether audit of the Government’s policy implementation could amount to overstepping its own (CAG) jurisdiction. **(2016)**

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