Q4

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.

UPSC Civil Services Mains 2016 · GS II · 12 marks · Constitutional Bodies

Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional Bodies.

Core demand of the question

- 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
- Separate regularity audit from performance audit, and test that line against Article 149 and the DPC Act, 1971

Revision summary

Article 149 and the DPC Act, 1971, give the CAG power over Union and State accounts, including value-for-money examination.

Policy choice belongs to the executive and the legislature; implementation of that policy with public funds is auditable.

2G, coal and CWG-type reports sit on process and loss, not on a right to rewrite the manifesto.

Overstepping would be a binding policy direction or an audit with no accounts trail.

PAC scrutiny, not a narrower reading of Article 149, is the proper check on a bold CAG report.

Introduction

Article 148 creates the Comptroller and Auditor General of India, and Article 149 says Parliament may prescribe the CAG's duties and powers in relation to the accounts of the Union and of the States. The Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971, is that prescription. Whether an audit of policy implementation oversteps jurisdiction depends on whether the CAG is judging the wisdom of a policy choice or examining whether money and mandate were used with legality, economy, efficiency and effectiveness.

Body

Constitutional and statutory jurisdiction

- Article 149 is the source of audit power over Union and State accounts; Article 151 requires CAG reports to be laid in Parliament or the State legislature, which makes audit a legislative aid, not an executive veto.

- Article 150 requires accounts to be kept in the form the President prescribes on the CAG's advice, so the auditor also shapes the books that will later be audited.
- The DPC Act, 1971, especially Sections 13, 16 and 17, covers expenditure from the Consolidated Fund, receipts, stores, and bodies substantially financed by government, which is the legal base for going beyond a mere arithmetical check of vouchers.
- Audit Boards and performance-audit manuals of the Indian Audit and Accounts Department follow INTOSAI-type standards: regularity (compliance) and performance (value for money).
- The Public Accounts Committee of Parliament examines CAG reports; the CAG does not punish a minister. Jurisdiction is to report, not to replace the government.

Policy versus implementation

- Choosing a policy - a spectrum auction design, a coal-block allocation method, or a games-village contract - is the executive's domain under Articles 73 and 74, and the legislature's domain when a law or a demand for grant is voted.
- Implementation is whether rules were followed, whether competitive bidding happened as notified, whether delays inflated cost, and whether stated scheme objectives were met. That is classic audit of implementation, not a substitute manifesto.
- Reports on 2G spectrum, coal block allocation, and the Commonwealth Games were attacked as policy trespass; they were, in substance, audits of process, loss of revenue, and contract management, which Article 149 read with the 1971 Act allows.
- Where a report uses a hypothetical "presumptive loss" figure, the political storm is larger, but the constitutional question remains whether the CAG had material from government accounts and files, not whether the opposition liked the number.
- Overstepping would occur if the CAG directed that a policy must be reversed, or if it audited a purely political question with no expenditure, receipt, or store trail - for example, a foreign-policy speech with no money vote.

Why implementation audit is intra vires

- A government that spends public money always implements a policy; to ban implementation audit would reduce Article 149 to a clerk's tick on totals, which the 1971 Act never intended.
- Federal accounts of the States are equally under the CAG; the same line applies, so a State scheme's delivery, not its political colour, is the audit object.
- Courts have treated CAG reports as expert material that legislatures and investigating agencies may use; they have not held performance audit unconstitutional.
- Safeguards against overreach are the PAC hearing, the executive's reply, and the CAG's own need to stay evidence-based. Those are political and professional checks, not a constitutional gag on implementation audit.

Flow diagram

Article 149 -> DPC Act 1971

DPC Act 1971 -> Regularity audit

DPC Act 1971 -> Performance audit of implementation

Performance audit of implementation -> PAC and legislature

Policy choice -> Executive and House

Performance audit of implementation -> not a veto Executive and House

Conclusion

Article 149, given body by the DPC Act, 1971, authorises audit of accounts and of how policy is carried out with public money. That is not overstepping. It would be overstepping only if the CAG tried to choose the policy itself or to issue binding directions. Implementation audit is therefore within jurisdiction; policy choice remains with the Council of Ministers and the House.

Facts & figures

Article 149

Empowers Parliament to prescribe the CAG's duties and powers in relation to the accounts of the Union and of the States.

Article 151

Requires CAG reports on Union accounts to be laid before Parliament, and State reports before the State legislature, through the President or the Governor.

CAG (DPC) Act, 1971

Statute that specifies audit of expenditure, receipts, stores, and substantially financed bodies, which is the working jurisdiction of the CAG.

Public Accounts Committee

Parliamentary committee that examines CAG reports; it is the political forum that turns audit findings into recommendations.

INTOSAI performance audit

International standard used in CAG manuals to test economy, efficiency and effectiveness of programme implementation, not to elect a different policy.