

Parliament should periodically debate CAG reports

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IT is indeed unfortunate that elected representatives have surgically destroyed the institution of democratic discourse. Mismanaged demonetization could thus hardly be debated systematically in Parliament during its washed-out winter session. Many other grave issues met with similar fate.

An issue that merits debate in Parliament is Comptroller and Auditor General (CAG's) reports that reflect umpteen flaws in the working of Government. It is here pertinent to cite CAG report on 'Union Government Accounts of the Union Government No. 34 of 2016 (Financial Audit)', which was released on 16th December 2016.

The Report's findings & conclusion would send any accountability-practicing representative of the Government to search for sleeping pills in the same way as black money hoarders were alluded to by Prime Minister Narendra Modi in one of his post-demonetization speeches.

This similarity appears natural when we reckon the fact that like black money hoarders, the Government also hoards white money collected as tax and non-tax revenue. It keeps sitting on mountains of cash even as it chants inclusive growth mantra with ground realities remaining worrisome as ever.

Take the case of Universal Access Levy (UAL), which is imposed on telecom service providers to raise money to finance telecom & IT infrastructure in rural and remote areas.

of the Rs. 75,952.93 crore collected as UAL during 2002-03 to 2015-16, only Rs. 30,083.47 crore was transferred to the Universal Service Obligation Fund (USO Fund), which finances rural projects. The remaining levy of Rs. 45,869.46 crore was not transferred to the USO Fund.

Had this unspent money been used for creating internet and digital payments infrastructure, the pain suffered by rural people due to demonetisation would have been lesser.

Another shocking disclosure made by CAG is that the Government has not utilized receipts collected through Secondary and Higher Education Cess (SHEC), which was introduced in the Finance Act, 2007 to finance higher education.

The Government collected a whopping 73,468.52 crore as SHEC during 2006-07 to 2015-16. As put by CAG,

"no amount could be transferred to the earmarked fund in Public Account as neither the schemes were identified on which the cess proceeds were to be spent nor the designated fund was opened in the Public Account to deposit the proceeds of SHEC."

The story about R&D funding is no less alarming. The Government levies Research and Development Cess on technology imports to fund development of indigenous technologies. Of the total Rs. 6,698.30 crore mopped through this cess during 1996-97 to 2015-16, a paltry Rs. 579.16 crore (8.65 per cent) was utilized for R&D projects.

With such pathetic state of investments, what one should make of slogans such as Skill India, Digital India, Make in India, demographic dividend etc.

The utilisation of receipts of National Clean Energy Fund (NCEF) is also woefully low. The Government levies different cess to collect additional revenue ostensibly to achieve objectives underlying these imposts. The total cess collections registered robust growth of 55.06% during 2015-16. The Government has shown an amount of Rs. 1,06,485 crore as union excise non-shareable duties in 2015-16 accounts.

The urge to introduce new cess and hike them periodically shows that the Governments wants to bite more than it can chew alone with States watching at the fence.

Apart from noting instances of lackadaisical approach to putting cess money to intended purposes, the Report has noted "high degree of opaqueness in the accounts" by citing specific instances.

The Government of day should worry when CAG notes

"significant deficiencies relating to disclosures, accuracy, completeness, and transparency in the Union Finance Accounts for 2015-16."

The urgency for introspection by the Government is obvious from the fact that many of these discrepancies are recurring, without any noticeable corrective actions taken by the concerned accounting authorities, though commented upon in the successive audit reports.

As put by the Report,

"Several regulatory bodies acting as 'State' within the meaning of the Constitution of India, also maintained large amount of funds outside the Government Accounts."

It says: ***"There were also several cases of discrepancies in the figures reflecting the government's holding in the equity base of the Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks, Societies, etc. as depicted in the Finance Accounts vis-a-vis the corresponding figures reflected in the certified balance sheets and Annual Accounts of such entities."***

Parliament should debate Government's reluctance to act on CAG's findings and recommendations.

CAG has also observed deficiencies in Appropriation Accounts relating to violation of Constitutional provisions, non-observance of financial guidelines, etc. These flaws impact the accuracy of the compiled accounts.

As put by CAG,

"Non-obtaining of budgetary provision from the Parliament for payment of interest on the refunds of taxes, non-observance of instructions relating to New Service/New Instrument of Service which have been issued with the approval of Public Accounts Committee, obtaining provisions under incorrect object heads leading to misclassifications of expenditure having impact on the revenue deficit, are some of the areas requiring attention of the Chief Accounting Authority."

The Government should not appear indifferent to the need for efficient and proper use of public money just because the Opposition fritters away an opportunity to take the Government to task through professional debates.