

Examrace

Team Anna's Demands, Report of Parliamentary Standing Committee on Lokpal

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Team Anna's Demands

- Selection of the Lokpal be done by a committee as proposed in the Jan Lokpal bill
- Provision of Lokayukta in the states to deal with public servants of the state. Creation of Lokayukta is within the purview of the state governments. For the parliament to pass a law to force them to do so, might seem to go against the principles of federalism
- Wide jurisdiction of the Lokpal
- Put in place a grievance redressal system

There were six major areas of differences between the government and the Jan Lokpal bill

1. Should one single Act be provided for the Lokpal in the centre and Lokayukta in the states? Would the states be willing to accept a draft provision for the Lokayukta on the same lines as that of the Lokpal?
2. Should the PM be brought under the Lokpal? If so, should there be a qualified inclusion?
3. Should judges of the SC/HC be brought within its purview?
4. Should the conduct of MPs in Parliament be brought within the purview of the Lokpal?
5. Whether **Articles 311 and 320 (3) (c)** of the constitution notwithstanding members of a civil service be subject to enquiry and disciplinary action including dismissal by the Lokpal/Lokayukta, as the case may be?
6. What should be the definition of the Lokpal, and should it itself exercise quasi-judicial powers also or delegate these powers to its sub-ordinate offices?

Report of Parliamentary Standing Committee on Lokpal

Nov 10, 2011

- Recommended
 - Exclusion of lower bureaucracy from purview of Lokpal

- Parliament to decide whether PM should be included
- Group C and D officers should be covered by the respective state Lokayukta or by the CVC at the central level

Role of CAG

Following cases of scam were brought forth recently by CAG

- 2G spectrum
- CWG
- Reliance KG Basin

In order to make the institution of CAG more robust, it has proposed the following amendments to the **Audit Act 1971**:

- Amendment to ensure that the government departments reply to audit enquiries in 30 days rather than in the open-ended manner as of now.
- CAG wants the statute to stipulate a clear timeframe for the tabling of completed audit reports on the floor of the relevant legislature.
- Bringing the CAG's legal mandate up to speed with the changes that have taken place in the way public money is spent. Because of ambiguities in its mandate the CAG feels unable to adequately audit all areas of public economic activity. Eg, the new institutions after the 73rd and 74th amendment, public-private partnerships after liberalisation
- Adapt audit approach to keep pace with the latest fiscal developments.
- Types of audit
 - Regulatory Audit: CAG's current function. Auditing whether the money used was legally available and spent through the right authority.
 - Performance Audit: looking at the economy and appropriateness of spending. Could the spending be done in a more efficient manner to get the maximum returns out of the expenditure?
- Good opportunity for CAG to have a proactive role in many areas including:
 - Poor implementation of the FRBM Act 2003 and obsession with showing achievement of quantitative budget deficit with the help of revenue buoyancy and one time receipt like spectrum auction
 - 13th finance commission has suggested a review mechanism to be set up for evaluating the fiscal reform problems. CAG can contribute valuable inputs for this reform process.
 - Output and outcome budgeting: Need to move from the former to the latter. CAG can do some case studies of output/outcome budgeting and focus on the system defects

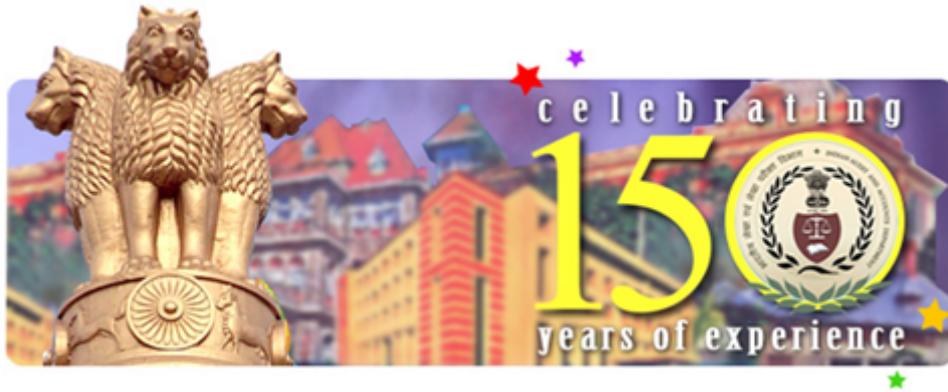
for corrective action. Introduction of management accounting was one of the goals when audit was separated from accounts in 1976. This is still a paper goal and accounts are still considered by the ministries as a statutory nuisance.

- Some examples of lack of transparency in government finances
 - Govt's contingent liabilities shown in the budget document do not indicate the default position of the borrowers.
 - The figures of fiscal deficits need more amplification. Quasi-fiscal deficit should be explicitly stated. Many cases of understatement of expenditure are noticeable. For example, oil subsidies do not reflect the full annual subsidy payable by the government.

150 Years of CAG in 2010

An evaluation

- 1860
- The findings of Audit should not only be reported to the President and Parliament as close to the events as possible, but also made known simultaneously to the media and public, with some explanations to aid understanding
- Several reports of the CAG have matters that have not been discussed. A way should be devised so that CAG reports are more effectively discussed
- There is a criticism of overreach when Audit widens its horizons and attempts to examine efficiency or cost-effectiveness or propriety. The criticism is untenable because any meaningful audit must necessarily go into these aspects, and the supreme audit institutions of many countries do as a matter of course.
- When faced with executive intransigence, the CAG does not have enough powers to compel cooperation. The CAG needs to take a lead in using the relevant constitutional provisions to make the institution stronger
- The process of selection of such an important constitutional functionary should be open, objective and credible.



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