



Skill Ministry, CAG in a tug-of-war over NSDC audit

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Highlights

- The Ministry of Skill Development and the Entrepreneurship and the Comptroller and Auditor General (CAG) are engaged in a tussle over the scope and applicability of latter's powers to audit the National Skill Development Corporation (NSDC), a public private partnership company designated to implement various skill development schemes including the flagship — Pradhan Mantri Kaushal Vikas Yojana (PMKVY) — scheme.
- While CAG wants to undertake a full audit of NSDC given that it deals with government funds for the skill development schemes, the ministry has conveyed its willingness to subject the NSDC to audit on the funds being earmarked from the budget for schemes such as the PMKVY but has opposed an audit of the organisation as a whole.
- The tussle marks a repeat of CAG's earlier attempts to audit the Goods and Services Tax Network (GSTN), which was opposed by the non-government company responsible for building the IT network for the new indirect tax regime. In January 2017, the GSTN had rejected CAG's demand to appoint an auditor as well as to conduct a supplementary audit as is done for all government companies. The GSTN had claimed that its Articles of Association do not bestow any right to either the state government or the Centre to exercise control over either the management or the policy of GSTN.
- The finance ministry had then stepped in to clarify that CAG can audit GSTN. Finance Minister Arun Jaitley in June 2017 said that CAG will audit GSTN. In January 2018, the CAG had cited Section 16 of CAG's DPC (Duties, Powers and Conditions of Service) Act which provides that it shall be the duty of the CAG to audit all receipts which are payable into the Consolidated Fund of India along with those of every state and union territory having a legislative assembly.
- Also, it had said that as per Section 19 of the CAG's DPC Act, 1971 and the provisions of the Companies Act, 2013, the CAG can conduct audit of government company or any other company owned or controlled, directly or indirectly by the central and/or state governments.
- Being substantially funded by the government during 2013-16 period, the CAG had conducted the expenditure audit of GSTN for FY14, FY15 and FY16, as per the information on the GSTN website. CAG, however, later also scrutinised the flow of revenues from GSTN including the apportionment of the unsettled Integrated GST (IGST) to states and Centre.
- In May this year, the GST Council approved converting GSTN into a government company by acquiring of 51 per cent of equity held by the non-governmental institutions equally by the Centre and the state governments.



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