

SC permits CAG to audit revenue receipts of telecom companies, may impact other sectors

The Supreme Court on Thursday upheld a Delhi High Court order permitting CAG to audit the revenue receipts of telecom companies, in a ruling which is a huge setback for the sector and has far-reaching implications for other sectors such as power and oil in which the government has similar revenue sharing arrangements with private companies.

A two-judge bench, comprising justices K S Radhakrishnan and Vikramjit Sen, said that this was essential to ensure that the union government "gets its due share for parting with exclusive rights over natural resources vested in the people". The audit would, however, only be restricted to the books of accounts of telecom companies relating to receipts the High Court had held.

The CAG has moved away from the traditional modes of auditing, to performance auditing, but the High Court had restricted it to receipts. The telecom associations had opposed it and filed an appeal in the top court. Their case was argued by senior advocate Harish Salve. The government was represented by ASG Paras Kuhad.

The economic model was immaterial, he had said, a claim the court upheld.

The ruling will give a flip to demands being made for CAG audit of books of Electricity and oil companies, a key demand of the Aam Aadmi Party.

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