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Nitesh Kumar Paswan
Research Scholar, Department
of Political Science, Ranchi
University, Ranchi,
Jharkhand, India

Dr. Tamanna Singh
Assistant Professor, Marwari
College, Ranchi, Jharkhand,
India

Corresponding Author:
Nitesh Kumar Paswan
Research Scholar, Department
of Political Science, Ranchi
University, Ranchi,
Jharkhand, India

Role of financial committees in budgetary oversight

Nitesh Kumar Paswan and Tamanna Singh

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Abstract

Financial committees are the instrument of parliamentary control over functioning of administration. Financial committee are important in ensuring, transparency, accountability and efficiency. It helps legislature to discharge its function efficiently. In the modern times legislative business became more complex. Through the budgetary oversight, financial committees help the legislature to discharge its function properly and fulfil the aspirations of the people. Parliament of India and all state legislature have committee system. This study explores the functioning of key financial standing committees such as Public Account Committee (PAC), Estimates committee and Committee on Public Undertakings (COPU) as an instrument of legislative scrutiny over executive performance.

Keywords: Financial committees, legislature, administration, audit, parliament, budget, accountability

Introduction

Financial committees are the standing committees of the Indian parliament. These committees play an important role in Budgetary Oversight and keep vigil on the functioning of the administration. Through these committees legislature control functioning of the administration. Financial committees play an important role in keeping the administration accountable to the legislature? In other words Legislative accountability is ensured through these committees. In the parliament of India Public Account Committee (PAC), Estimates Committee and Committee on Public Undertakings (COPU) are financial standing committees. Legislature approves funds for the governmental expenditure and welfare schemes of the people and after approval legislature ensures administrative accountability to the legislature. Legislature ensures administrative accountability to the legislature through various means like questions hours, debates in the house and through different committees. In the modern times almost every legislature has committee system for example in the US congress, British parliament and Indian parliament. Objectives of these committees are same in every country as they assist the legislature in efficient discharge of legislative duty. They are the arms of the legislature. These are also called watchdog of the legislature.

In India origin of the committee is traced back to the British era ^[1]. Public Account Committee (PAC) first established in the 1921 during the British rule in India under the Montague-Chelmsford reform but the role of public account committee was very limited. After the independence of India parliament of India continue this committee ^[2]. Another committee called Estimates Committee came into existence in 1950 on the recommendation of John Mathai Committee with the purpose to examine the budget estimates of the union government and suggests economy and improvement in organization and efficiency in the government expenditure ^[3]. And third financial standing committee is called Committee on Public Undertakings (COPU) came into existence in 1964 on the recommendation of Krishna Menon committee. The primary purpose of this committee was to expand parliamentary control over the functioning of public sector undertakings by examining their reports and account ^[4]. In 1993 parliament of India created departmentally related Standing Committees (DRCs) to further enhance parliamentary scrutiny of government functioning and policy implementation in every departments and ministries. As the parliament is independent in making rules for the functioning of the house ^[5], article 118 of the constitution of India empowers each house of the parliament to make rule for business in the house.

Function of the financial committees of Indian parliament is to ensure misuse of public funds and make the executive accountable to the legislature. Effective functioning of the financial

committees improve the democratic governance. These committees are constituted under the Rule of Procedure and Conduct of Business in the house ^[6]. Members of the committee are elected amongst the members of the house on the basis proportional representation by the way of single transferable voting system. Public Account Committee (PAC) consists of 22 members 15 from the Lok Sabha and 7 members from Rajya Sabha ^[7]. Since 1967 chairman of the public account committee belongs to the opposition party. This is the convention of the parliament of India and followed by the state legislature also ^[8]. In India the executive branch functions in the name of council of ministers, who remain collectively responsible to the parliament. The primary objective of the Public Account Committee has been to uphold this principle of parliamentary democracy of holding government accountable not just to the legislature but to the people at large ^[9]. The function of the committee is enshrined in rule 308(1) of Rule of Procedure and Conduct of Business in the Lok Sabha ^[10]. Public Account Committee examine the appropriation accounts, financial accounts of the government and report of the C&AG. Estimates committee consists of 30 members and members are elected from Lok Sabha for the term of one year. Chairman of estimates committee is appointed by speaker amongst members ^[11].

Functions of the Estimates Committee are

- To report what economies, improvements in organisation needed and administrative reform.
- To suggest alternative policies in order to bring about efficiency and in administration;
- To examine whether the money is well laid out within the limits of the policy implied in the estimates; and
- To suggest the form in which the estimates shall be presented to Parliament.

And the third financial standing committees is Committee on Public Undertakings (COPU), first time came into existence in the year 1964, consists of 22 members similar to Public Account Committee 15 members from Lok Sabha and 7 from Rajya Sabha for the term of one year. No any minister could be member of any committee, if any member appointed as a minister he/she will not be member of the committee from the date of appointment as minister ^[12]. COPU emerged as a powerful instrument through which the parliamentary control exercised on the functioning of public sector undertakings ^[13]. Function of the committee on Public Undertakings are:

- To examine the reports and accounts of Public Undertaking
- To examine the reports of the Comptroller and Auditor General of India on the Public Undertakings
- To examine, in the context of the autonomy and efficiency of the Public Undertakings, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent commercial practices. And other functions as assigned by the speaker from time to time.

These financial committees are watchdog of the parliament, which keeps its eyes on the functioning of the administration. In the modern times development activities and the role of state as welfare state makes the Legislative business more complex and requires expert consultation. These committees can consult with expert when required,

summon the officer concerned to verify the facts ^[14]. Committee ensures government accountability through enquiries, investigation and financial review. Financial committees consider the reports of comptroller and auditor general of India when audit report lay down in the house. Financial committees can choose any scheme or paragraph of C&AG report for examination and the subjects assign by the speaker of the house. Finally, financial committees submit its report to the speaker and lay down report in the house by the order of speaker. In this way budgetary process ends with the reports of financial committees. Generally, recommendation of the financial committees is accepted by the government. Some point is dropped from the reports after consultation with the officers concerned when members of the committees are satisfied.

Conclusion

Thus the committee system in the legislature is more important today. Their functioning helps the legislature to function efficiently and deliver services effectively to the common people. Financial committees helps detect financial irregularities and promotes responsible governance. Consultation with experts in any matter for clarification and confidentiality in functioning with no fear of party whip gives an opportunity to the members to express their views freely. Despite their importance, effectiveness of the committee is limited by some challenges such as lack of technical expertise, political interference, delayed reporting. Effective functioning of these committees will not only improve fiscal efficiency but overall democratic governance.

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