



- The Committee system in India is one of the ways of ensuring effective & efficient financial Parliamentary control.
- The committees have a secondary status to the legislature because they lack original jurisdiction & act on behalf of the Parliament.
- Parliamentary committees comprise members from different political parties & relieve the parliament from additional burden of examining various estimates of revenue & expenditure of ministries & departments.
- It is considered that they produce unbiased work because the members belong to different political parties & perform their work away from public scrutiny.
- Hence, they act as the watchdogs of the legislature over the government.
- Their reports have educative value as they inform the government of its shortcomings & errors which can be minimised for smooth functioning.
- They act as a link between the lawmaking & law implementing organs of the government.

COMMITTEE SYSTEM

- The need for financial Parliamentary control with the help of committee system arose somewhere in the sixteenth century in England & thereafter in the USA.
- It became popular in France in the eighteenth century & slowly developed in other countries.
- In India, the legislative control over finance can be said to have commenced after the year 1919 under the Montague Chelmsford Reforms.
- The Government of India Act, 1919 introduced the system of control by the Indian Legislature over finance largely modelled on the British system.
- The origin of the committee system in India can be traced back to the first legislature after the advent of British rule in India in 1853.
- The history of committees in India started with the setting up of the Legislative Council in 1854 & a Select Committee in 1856.
- Public Accounts Committee is one of the four elected oldest committees of the House.
- The Parliamentary financial control through committees attempts to ensure that the appropriation of money done by the parliament is spent economically for the approved purposes within the framework of grants.
- In view of the magnitude of tasks to be performed & within limited time at its disposal, the Parliamentary committees have been constituted.

- The committees facilitate a methodical & exhaustive assessment of the diverse legislative activities.
- They ensure supervision & accountability.
- There are two kinds of committees — Standing Committees & Ad hoc Committees.
- The ad hoc committees are appointed for a specific purpose and their existence ends after it has presented its report.
- The main ad hoc committees are the select and joint committees on bills.
- The Standing Committees are elected or appointed every year or periodically and their work goes on a continuous basis
- There are Departmentally Related Standing Committees (DRSCs), too entrusted with tasks of considering demands for grants for various ministries/departments, examining bills referred by the Chairman of Rajya Sabha or Speaker of Lok Sabha & so on.

PUBLIC ACCOUNTS COMMITTEE

- The parliamentary financial tool to monitor the government's financial activities is the Public Accounts Committee (PAC).
- It is constituted to examine the appropriation accounts & the annual finance accounts of state corporations & other bodies.
- It also scrutinises the CAG report but not those organisations which have been designated to the Committee on Public Undertakings.
- The PAC tends to be effective & significant if its recommendations are rightly carried out .
- The statements, which are prepared for presentation to Parliament, comparing the amount of actual expenditure with the amount of Grants voted by Parliament & Appropriations sanctioned by the President are called the "Appropriation Accounts".

EVOLUTION

- The PAC was set up in 1921 as per the Montague Chelmsford Reforms.
- The Government of India Act 1919, mandated the Governor-General-in Council to formulate such committees at the Centre & the provincial levels so that the accounts of the govt are examined to detect any kind of abnormality or deviation from rules & regulations, extravagance, losses, delays, etc
- The 1935 Act included a provision that the report of the PAC must be tabled in the Legislature.
- Later, the 1947 Act mandated that the Committee would present its report to the President.

- PAC is the most prestigious Committee of Parliament, is constituted every year to examine accounts showing the appropriation of sums granted by the Parliament for expenditure of Government of India as mentioned above.
- The Committee became a Parliamentary Committee on 26th January, 1950.

COMPOSITION

- The PAC consists of 15 members elected by Lok Sabha every year from amongst its members according to the principle of proportional representation by means of single transferable vote.
- Seven members of Rajya Sabha elected by it in the same manner as the Lok Sabha are associated with the Committee in proportion to its respective strength in both the Houses.

FUNCTIONS

- The PAC examines accounts to check if the govt has spent as per the funds appropriated by the government.
- Examination of Accounts: The PAC examines accounts & the report of the CAG to ascertain that the appropriated funds by the Parliament have been spent with economy & efficiency as per the following conditions:
 - i) The expenditure must not surmount the funds allocated by the Parliament.
 - ii) The expenditure has been incurred for the specific activity that it was apportioned by the Parliament.
 - iii) Only the authorised officials have spent the allocated funds.
 - iv) The authorised officials have not neglected any vote of Parliament by using it more than a grant.
 - vi) It scrutinises income & expenditure statement of state corporations, trading & manufacturing schemes and projects.
 - vii) Examination of accounts of autonomous & semi-autonomous bodies.
 - viii) It scrutinises the accounts of those stores & stocks of which the CAG has conducted an audit.
- Tax Administration: It examines various aspects of the govt's tax administration like the cases involving under-assessments, tax evasion, non-levy of duties, etc.
- It also identifies the loopholes in the taxation laws, procedures and makes recommendations to check leakage of revenue

PROCEDURE

- The PAC confirms if the procedure used in the maintenance of accounts has been according to the rules & laws.
- The PAC has the power to call for persons, papers, or records for the purpose of evidence.
- Although the committee can report or recommend on a specific item but cannot prohibit any expenditure.

- The committee works with the Chairperson as its head & guide. He/she is given feedback by the CAG & the Secretary of the Committee to start the procedure of asking the questions.
- The ministry's representatives are asked to appear before the committee to clarify certain questions related to their ministry's accounts.
- Such meetings are kept private & confidential to maintain secrecy of the witnesses.
- A model/draft report is prepared by the Parliament Secretariat & Chairman to further send it to the CAG for validation.
- The Committee considers it finally & the presents it to the Parliament.
- At times, sub-committees are formed to deal with specific issues.
- After a detailed review of all aspects, the report is finalised by the Committee & submitted to the Parliament.

ESTIMATES COMMITTEE

- The Estimates Committee was constituted in 1950 on the 10th of April in India as a Parliamentary Committee.
- The basic purpose of the setting up of this Committee was to ensure economy in spending money before the expenditure is incurred which can be done the best at the estimates stage.
- So, the objective of the appointment of the Estimates Committee was to check unwise spending before sanctioning demands for grants.
- The Estimates Committee of India is heavily influenced by the British Parliament. The British experience also showed its ineffectiveness in Parliamentary control.
- However, it has been shaped on the lines of the Expenditure Committee of Britain though there it was first created in 1912.
- Since the Committee in India at that time had lot of defects, it finally came into existence in 1950, with the inauguration of the Constitution.
- The parliamentary decision to establish it prevailed despite the resistance from the Finance Ministry.
- The administrative control over the committee & power to nominate its chairperson – was vested to in the Speaker.
- The Secretariat for the Committee was to be provided by the Parliament Secretariat making the Estimates Committee a Parliamentary Committee from the beginning.
- Finally, the Estimates Committee was constituted in 1950 after the independence of India on the recommendation of John Mathai under Rule 310 of Procedure & Conduct of Business of Lok Sabha.
- The term of office of the Estimates Committee is one year.
- The Estimates Committee comprises 30 members only from the Lok Sabha, but the Rajya Sabha does not have any representation in it.

- An additional condition is that all parties are proportionally represented but a minister cannot become the Committee's member & has to tender his/her resignation prior to it.
- Finally, the Chairperson of the Committee is elected by the Speaker from its members.

FUNCTIONS

- The Estimates Committee separates itself from the policymaking of the government and has the major function to propose efficient use of resources. It ensures the best use of funds of possible without any wastage while staying within the purview of the policies of the government.
- Examination of Accounts: The Committee would examine the appropriation & finance accounts of the central govt & any other accounts tabled in the Lower House of the Parliament.
- The accounts of autonomous and semiautonomous organisations are also examined along with their audit by the CAG except for public undertakings which have been allotted to the Committee on Public undertakings.
- Preparation of Reports: It prepares a report on the economies to be affected in organisations & how to improve efficiency in administrative processes in tandem with the prepared estimates.
- Scrutiny of Accounts: It scrutinises the accounts of the state corporations, business concerns, manufacturing units & their Comptroller & Auditor General's audit report.
- Scrutiny of Estimates: Finally, it suggests the way in which the estimates are tabled in the Parliament.
- Throughout the year, the EC keeps on scrutinising the estimates and reports it to the Parliament.
- Suggestions for Changes: While it is the duty of the Committee to see if the activities are being carried out by the various departments & agencies but if there is a discrepancy & there is a scope for a change or improvement, it can suggest a change in the policy to have desired results.
- Chairperson's Appointment: The Speaker appoints the Chairperson from amongst the members elected to the Estimates Committee
- Every year, the EC is formed in the month of June and begins with its functioning in July.
- Its basic function is to prepare a plan for estimates. It collects, compares, prepares and finally approves them.
- It has the power to constitute sub-committees giving them powers so that matters can be examined for further approval.
- The copy of the final report is tabled ultimately in the Lok Sabha although there is no formal debate on it.
- The report basically recommends four aspects:
 - i) Improvement in organisation and ways for better administration.

- ii) Maintaining balance between economy & efficiency.
- iii) Assessing the performance of the ministry/department pertaining to the achievement of targets.
- iv) Guidance in the preparation of estimates are tabled in Parliament.

- EC sometimes goes beyond its prescribed boundaries of its functions by recommending policy changes, yet it plays a very significant role in the Indian administrative system by keeping a strict watch over the activities of the executive.
- Lastly, it also has a good record of getting its recommendations accepted by the government.

COMMITTEE ON PUBLIC UNDERTAKINGS

- Public sector was developed to have self-reliant economic growth initially by placing emphasis on core sector but later in its so-called second phase it ventured into the private sector too.
- Many industries got nationalised & the public sector began taking over sick units from the private sector and later entered production of goods
- The Committee on Public Undertakings (CPU) was established in 1964. It is entrusted with clearly defined functions to:
 - i) Examine the reports & accounts of the public undertakings mentioned specifically in the Schedule.
 - ii) Scrutinise reports of the CAG on the public undertakings.
 - iii) Examine if the activities of public undertakings are being carried out as per sound business principles & prudent commercial practices; and
 - iv) Carry out any other functions of PAC & EC with respect to public undertakings.
- The Committee comprises 22 members, 15 from Lok Sabha and 7 from the Rajya Sabha. Their term of office is one year.
- They are pledged to work on non-party lines.
- The CPU has similar processes of selection of members as the PAC and the EC.

FUNCTIONS

- The CPU examines the reports & accounts of the selected public undertakings as per its terms of reference.
- The public sector undertaking is asked to provide the required information so that the committee members can study the specific subject.
- Study groups can be appointed when required to do a detailed analysis of various subjects.
- If an on-the-spot study has to be made, the CPU also takes study tours. Informal meetings are held during these tours.
- Notes pertaining to a specific study of a subject are called for from Ministries.
- The CPU's members can also meet members of Confederation of Indian Industries while on tour but informally to discuss the specific issue.

- Based on such informal meetings and sessions, the CPU invites witnesses to furnish evidence formally which are held in Parliament.
- It also performs any other functions allotted by the Speaker of Lok Sabha
- It cannot examine & consider matters pertaining to government policies
- All discussions held by the Committee with the representatives of the undertakings/ ministries/departments, etc., are to be treated as confidential & no one having access to the discussions, should directly communicate to the press or any unauthorised person of any type of information connected to the discussions
- Finally, the observations of the Committee are written down in a report which are tabled in the Parliament & later an 'Action Taken Report' is prepared.
- The concerned ministry is asked to send reply to each recommendation. It may accept the recommendation, implement, and inform the committee.

OTHER SIDE OF COMMITTEES

- It is beyond doubt that the committee system is a useful tool to keep a check over the government's working, but it is not without its weaknesses.
- The committees become powerful & presume more importance than allocated to them according to the law.
- Though it is felt that there is lack of expertise in the committee which tends to roll out reports in a general manner but, the committee system is considered as a beneficial means to keep the government in check by highlighting its lapses.
- Their functions of inquiry, scrutiny, control and advise help in acting as a watchdog of the government
- They provide a platform for bringing in consensus across political parties as their meetings are close-door ones and they can express their views freely.
- The committees formulate an Action taken Report which shows the status of government's action on each recommendation.
- The committee system plays an important role in maintaining a balance in various activities of the government



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