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***Public Policy & Administration in India***

**TOPIC: Methods of Parliamentary control over Budget:**

The Parliament of India is the supreme body to have it control over public purse. It authorizes the government to collect taxes and also to spend them in a particular manner. Without the approval of the Parliament neither the amounts can be appropriated nor taxes collected. It can also abolish or decrease or levy taxes. Before the government can work on its budget plan, it has to get it passed by the Parliament. This is known as enactment of the budget.

In India, there are several instruments of Parliamentary control over budget such as- questions, adjournment motions, resolutions, votes, and Parliamentary financial committees such as Public Accounts Committee, Estimates Committee, Committee on Subordinate Legislation and the Committee on Assurances. The Comptroller and Auditor General of India-a statutory authority under the Constitution-acts as a watch dog of the Parliament and conducts audit to see that financial control the expenditure incurred by the executive is for the purpose voted by the Parliament and is within the sanctioned grants. These tools may be analysed as follows:

1. **President's speech:** The President addresses both the Houses of Parliament assembled together at the commencement of the budget session. The address is prepared by the Government and each ministry is responsible for the portion pertaining to it. The President's Speech broadly spells out the major policies and activities with which the executive would be pre-occupied in the period immediately ahead. The members of Parliament have an opportunity to criticize the entire realm of administration for its alleged acts of omission and commission.
2. **Budget discussion:** The introduction of the budget in the Parliament has greater opportunity of discussion on the budget proposals. The members of Parliament have various opportunities of discussing the budget, on the following occasions:
3. After the presentation of the budget, general discussion takes place. On this occasion the discussion relates to the budget as a whole or any question of principles involved therein.
4. Voting on grants provides the second opportunity. Discussion at this stage is confined to each head of the Demand and if cut motions are moved to the specific points raised therein, the discussion is sufficiently pointed and may be focused on specific points.
5. Discussion on the Finance Bill provides an endless opportunity to discuss the entire administration.
6. **Passing of budget:** The most effective Parliamentary control over public funds lies in having control over the purse string of the nation. Not a penny can be spent without the sanction off the Parliament. As we see that annually the budget is to be passed by the Parliament. The debate on the budget provides an excellent opportunity to the members of the Parliament to bring the Government to its sense with regard to the administration of finances. Thus, the process of the enactment of annual budget by the Parliament visualizes that it is the final custodian of national exchequer.
7. **Audit:** Parliament exercise control over public expenditure through the Comptroller and Auditor General (CAG) who audits all Government accounts to ensure that the money granted by Parliament has not been exceeded without a supplementary vote and money expended conforms to rules. Thus, the Parliament control over finance through the reports of the Comptroller and Auditor General of India who has rightly been described as the guide, philosopher and friend of the Parliament.
8. **Parliament's Direct Control**: it is important to mention here that the Parliament exercises direct control over public expenditure by examining the reports of the committee on Public Accounts and Estimates Committee. A general discussion is held on the reports submitted by the Committees and the Auditor General's reports. The Government has to reply to the charges made, if any.

Hence from the foregoing discussion it is clear that the Parliament sanction funds to Government for spending but it takes appropriate steps to see that: **(a)** expenditure is according to the rules prescribed **(b)** there is economy in expenditure, and **(c)** there is no fraud or misappropriation.

1. **Control through** **Parliamentary Committees:** There are financial committees in the Parliament which are considered as its right hand to control public finance. They are-Public Accounts Committees, Estimates Committee, Committee on Public Undertakings, Committee on subordinate legislation and Committee on Assurances. The first three committees exercise detailed and substantial control, and the Committee on Assurances undertake a scrutiny, of promises, assurances, undertakings, etc., given by the Ministers from time to time on the floor of the House. So, here we will focus on three main committees in some details in the following ways:

**(a) Public Account Committee:**

**Composition:** Public Accounts Committee is constituted under the provisions of Rules 308 and 309 of the Parliament. It consists of 22 members comprising 15 Members elected by Lok Sabha from amongst its members by means of the single transferable vote for a term not exceeding one year and not more than seven members of Rajya Sabha to be nominated by the House for being associated with the Committee. The Chairperson of the Committee is appointed by the Speaker from amongst the members of Lok Sabha elected to the Committee.

**Functions:** Rule 143 relating to control of Committee on Public Accounts provides:

**(i)** In scrutinizing the appropriation accounts of the Government of India and the report of the Comptroller and Auditor General thereon, it shall be the duty of the Committee on Public Accounts to satisfy itself:

1. That the money shown in the accounts as having been disbursed were legally available and applicable to the service or purpose to which they have been applied or charged;
2. That the expenditure conforms to the authority which governs it, and;
3. That every re-appropriation has been made in accordance with the provisions made in this behalf in the Appropriation Act, or under rules framed by.

**(ii)** It shall be the duty of the Committee on Public Accounts;

1. To examine such trading. manufacturing and profit and loss accounts and balance sheets as the President may have required to be prepared and the C.A.G.'s reports thereon;
2. To consider the report of C.A.G. in cases where the President may have required him to conduct audit of any receipt or to examine the accounts of stores and stock.
3. The Committee of its own accord may inquire into various irregularities which have become public or which have been brought to the notice of the Government, even though there was no Audit Report on the subject.
4. It calls upon the Ministry or Department concerned to explain the reasons if there are cases of irregularity and the action taken to prevent recurrence of instances of such nature.

Thus the Public Accounts Committee is the mechanism to secure the accountability of the executive in respect of expenditure voted by the Parliament.

**(b) The Estimate Committee:**

**Composition:** The Estimates Committee is constituted under provisions of Rule 310 for examinations of the estimates. The Committee consists of 30 members elected annually by the Lok Sabha from amongst its members according to the principle of proportional representation by means of the single transferable vote. The Chairperson of the Committee is appointed by the Speaker from amongst the Members of the Committee.

**Functions:** The Committee performs the following functions:

1. To report what economies, improvements in organizational efficiency or administrative reform, consistent with the policy underlying the estimates may be effected.
2. To suggest alternative policies in order to bring about efficiency and economy in administration,
3. To examine whether the money is well-laid out within the limits of the policy implied in the estimates.
4. To suggest the forms in which the estimates shall be presented to the Parliament.

The Committee selects some departments each year, examines their working in great detail and makes the suggestions on organisations, economy etc. including policy matters.

**(c) The Committee on Public Undertakings:**

**Composition:** The Committee was set up in 1964. It consists of 15 members- ten from Lok Sabha elected from amongst its members and five members from Rajya Sabha to be nominated by that House. The term of office of members of the Committee is not to exceed one year. The Chairperson of the Committee is appointed by the Speaker from amongst the members of the Committee.

**Functions:** The functions of the Committee are:

1. To examine the reports and accounts of the Public Undertakings specified in the Fourth Schedule to the Rules of Procedure and Conduct of Business in Lok Sabha;
2. To examine the reports of the Comptroller and Auditor General thereon, if any, and to see whether in the context of their autonomy and efficiency, the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent commercial practices.
3. To perform such other functions vested in the Public Accounts Committee and the Estimates Committee in relation to these public undertakings, as may be allotted to it from time to time by the Speaker of Lok Sabha.

However, the Committee does not examine (a) matters of major Government policy as distinct from business or commercial functions of Public Undertakings; (b) matters of day-to-day administration; and (c) matters for the consideration of which machinery is established by any special statute under which a particular undertaking is established.

**Limitations of Parliamentary control over budgeting:** Nobody can deny the role of Parliament in a parliamentary form of Government like India. In theory, it seems that Parliament is the supreme body to control the purse of the nation. But in practice it faces limitations from different angles to control the budget. A few limitations are:

1. With the support of the members of the party in power, the concerned ministry places the budget in the Parliament. This definitely indicates the laxity of the Parliament in controlling the budget.
2. There is a convention that there is no provision to demand more additional fund over the demand of the executive. This obviously indicates the limitation of power of the members to control budget.
3. Lack of time to discuss all separate demands of concerned ministry on the floor of the Parliament is another limitation. The Speaker uses the ‘Guillotine’ on the grants of appropriation.
4. The preparation of budget lies with the executive in a parliamentary form of government like India. So, except executive no option is left to the other members to demand funds for any other works.
5. It is said that most of the powers of the Parliament have been eclipsed by the CAG, Parliamentary Committees etc.

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