

TYPES OF COMMITTEE AND ROLE OF COMMITTEES IN REVIEWING GOVERNMENT FINANCES

**Dr. Shuvajit Chakraborty, Associate Professor, Department of Political
Science, Nehru College, Pailapool.**

ABSTRACT

The word Committee has been interpreted in several ways. The meaning changes in relation to its origin and context. The word is derived from the Latin phrase 'cum mittere' meaning, to mend with. Another Latin word 'Committee' meaning 'to commit', explains the source of the word Committee. The other explanations include several other meanings it is a name for a small body of people deputed by a larger body to discharge certain duties. The meaning again changes in relation to a person or a group. When it refers to a person, it is a body of a person or a number of persons, which has been committed, to or delegated with certain charges or a particular business. But as it refers to a group, it is a body of persons delegated to consider, investigate, scrutinise, report, and above all act upon a particular matter or business.

1. INTRODUCTION

Parliamentary Committees are essential components of any legislature providing various supports in the discharge of responsibilities of the latter. The support includes supervision, control and vigilance, and, above all, sharing the heavy workload of the legislature. The Committee system ensures smooth functioning of the legislature by building consensus on critical issues and examining issues in greater details, which the legislature could not do for want of time and its large size.

The word 'Committee' finds its origin from French word 'Command' which means trust. "Hence, in the usage of Parliament or other legislative assemblies, the word has come to signify one or more members of legislative body into whose hands a matter under discussion is placed for investigation and report." [1]

In the words H.M. Robert, “A Committee is a body of one or more persons appointed or elected by an Assembly or society to consider or investigate or take action in regard to certain matters or subjects or to do all these things.”

The history of committees in India began with the establishment of first legislature in 1854. These can broadly be divided into three categories. These are committees which help the smooth running of its business e.g., Business Advisory Committee, Rules Committee, etc. Then there are committees which help the House in the transaction of business. These include both Select Committees as well as Joint Select Committees e.g., Committees on Private Member’s Bills.[2]

2. MEANING OF THE COMMITTEE

The word Committee has been interpreted in several ways. The meaning changes in relation to its origin and context. The word is derived from the Latin phrase 'cum mittere' meaning, to mend with. Another Latin word 'Committee' meaning 'to commit', explains the source of the word Committee. The other explanations include several other meanings; it is a name for a small body of people deputed by a larger body to discharge certain duties. The meaning again changes in relation to a person or a group. When it refers to a person, it is a body of a person or a number of persons, which has been committed, to or delegated with certain charges or a particular business. But as it refers to a group, it is a body of persons delegated to consider, investigate, scrutinise, report, and above all act upon a particular matter or business. [3].

3. NEED OF THE COMMITTEE

The main function of the legislatures in any democracy is the determination of the will of the people and to formalize it, legislate to make rules and laws for the conduct of the state, society and citizens, then to superdse the executive to see that the laws are implemented in conformity with the principle, philosophy and provisions of the legislated laws. In order to do all this, legislatures need time, expertise, a exercise intense scrutiny of matters of detail and items of administration in a Parliamentary set up." Besides, the tasks of the executive and the legislatures have increased manifold making the job of Parliament harder. Committees here come to the aid of the Parliament in making Parliamentary control strong and more effective through the use of questions and open debates, and by the help of these, the governmental action can be brought under the scrutiny of Parliament. From the above, it is evident that the Committee system was devised

to assist the Parliament in two of its basic functions--discussion of public affairs and scrutiny of the administration. Experts on Parliamentary affairs have cited several reasons for the need of the Committee. A Effective legislative control over the expenditure of the government requires the Parliament to satisfy itself that the appropriations have been utilized economically for the approved purposes within the framework of the grants. It should also undertake a detailed examination of the annual budget estimates of the government to suggest possible economies in the implementation of plans and programs embodied therein. Both these functions are of pivotal importance in making the parliamentary control over governmental expenditure comprehensive. The legislature as such has neither the energy not the time to perform these functions.

4. TYPES OF COMMITTEES

Parliamentary Committees Broadly, the Parliamentary Committees may be classified into the following categories:

- (a) Financial Committees
- (b) Departmentally Related Standing Committees;
- (c) Other Parliamentary Standing Committees; and
- (d) Ad hoc Committees.

FINANCIAL COMMITTEES IN INDIA

The financial committees play an important role in the system of Parliamentary control over finances. These committees ensure that the objective of Parliamentary control over finances are fulfilled. The Parliament as a general body is too big to exercise any specific control over public expenditure. It is, therefore, left to the committees to act as the 'trustees' of the Parliament in keeping a strict watch over the public purse. In India, there are three financial committees:[4]

1. Public Accounts Committee
2. The Estimates Committee
3. Committee of Public Undertakings.

5. PUBLIC ACCOUNTS COMMITTEE

Historically, the Webly commission of 1896 indicated the need for an accounts committee to highlight financial irregularities. The Montague Chelmsford reforms suggested the creation of such committees out of the provincial legislatures. The first such committee on Public Accounts was created at the centre to deal with the appropriation of Accounts of the Governor General in Council and the report of the Auditor General thereon. The British Parliament acquired power to grant appropriation with the Revolution of 1688. The power to ascertain how the money had been spent was conferred only in 1861, when the House of Commons created the committee on Public Accounts. In India, the Public Accounts Committee was first created at the centre in 1923 with the coming into force of the Montford reforms in 1921. It became a major force in the legislative control of Public expenditure. Despite the limitations of its constitution and the restrictions on its authority, it exercised enormous influence in bringing to bear upon government the need to enforce economy in the expenditure of public money.

Composition of Public Accounts Committee:

The Public Accounts Committee is set up at the commencement of the first session of Parliament. Its strength was initially fixed at 15 members of the Lok Sabha but in 1955, it was increased 22 to provide for the representation of the Council of States.[5]

Functions of the Public Accounts Committee

- (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.
- (ii) That the moneys 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.
- (iii) That the expenditure conforms to the authority which governs it.
- (iv) 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 competent authority

under the provisions of the said Act provided that the provision made in this Clause shall not apply to any accounts prior to the year 1950-51.

6. ESTIMATES COMMITTEE

The Estimates Committee was first created in April, 1950 and its functions were enlarged in 1953. There had been a predecessor or Estimates Committee, called the Standing Finance Committee, which was first constituted in 1921 and attached to the Finance Department of the Government of India. This committee depended on the will of the executive. It had no statutory status. Its functions were not clearly defined and its deliberations were not satisfying to the elected representatives of the legislative assembly. The Committee is elected every year from amongst the members of the House of the People (Lok Sabha), according to the principle of proportional representation by means of a single transferable vote. Its membership was initially fixed at 25 but was later increased. Its chairman is appointed by the Speaker and if Deputy Speaker happens to be a member of the Committee, he automatically becomes the chairman.[6]

Functions of the Estimates Committee

The functions of the Committee are:

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

7. COMMITTEE ON PUBLIC UNDERTAKINGS

Till April 1964 the affairs of Public Enterprises in India used to be looked after by the two Committees: namely the Estimates Committee and Public Accounts Committee. But in view of huge investments and manifold increase in the activities of public enterprises it was felt that there should be a separate agency which should look into the working of public enterprises in detail and report to the Parliament. In 1964, on the recommendation of the Krishna Menon Committee, a

separate committee on Public Undertakings was constituted. This committee, which started functioning from May 1, 1964 took over the work relating to autonomous Public Enterprises from the other two Committees viz the Estimates Committee and the Public Accounts Committee.[7]

Composition

Earlier there used to be 10 members in the Committee, with 10 members from the Lok Sabha and 5 members from the Rajya Sabha. With effect from April 1974, the number of members has been increased to 22. 15 members of COPU are drawn from the Lok Sabha and 7 members are drawn from the Rajya Sabha. The members of COPU are elected every year in accordance with the principles of proportional representation by means of single transferable vote.

The functions of the Committee are:

- (a) To examine, in the context of the autonomy and efficiency of the Public undertakings, whether their affairs are being managed in accordance with sound business principles and prudent commercial practices;
- (b) To examine the reports, if any, of the Comptroller and Auditor-General on Public Undertakings;
- (c) To perform such other functions vested in the Public Accounts Committee and the Estimates Committee, in relation to public undertakings, as may be allotted to it from time to time by the Speaker of the Lok Sabha;[7]
- (d) To examine the reports and accounts of such public undertakings as have been specifically allotted to the Committee for this purpose.

8. ROLE OF COMMITTEES IN REVIEWING GOVERNMENT FINANCES.

Parliamentary committees are composed of Members of Parliament (MPs) from both Houses. There are essentially two types of committees relevant to the budgetary process, DRSCs and Financial Committees. DRSCs are responsible for pre-approval scrutiny of the proposed Demands for Grants, if Parliament deems necessary. The task of Financial Committees is that of post-facto examination of use of funds. They review various aspects of government spending, once the Budget has been passed.[8]

Financial Committees: Oversight by the Parliament after the Budget is passed is crucial for ensuring that the amounts allocated to the government are being utilized appropriately. Financial Committees scrutinize and exercise parliamentary control over government expenditure/finances and table reports in Parliament. This elicits a response from the government highlighting the recommendations of the committee accepted or rejected by them. Based on this the committee prepares an Action Taken Report (ATR) and lays it on the table of the House. There are three types of Financial Committees:

Public Accounts Committee (PAC): Article 151 of the Constitution mandates reports of the Comptroller and Auditor General (CAG) of India, relating to the Union, to be tabled in Parliament. Since it is difficult and time-consuming for Parliament to discuss each of these reports, the PAC has been tasked with scrutinizing government finances and reports of the CAG. It does this to ensure that the government is spending money for the purpose for which Parliament voted upon. Typically the Speaker of the Lok Sabha appoints a member from the main opposition party in the House, as the chairman of the PAC. An example of a PAC report and its recommendations is given in the text box above.

Estimates Committee: This Committee examines estimates of ministries and whether the money allocated conforms to and is well within the limits of the policy implied in the estimates. It suggests alternative policies so as to bring about efficiency and economy in administration. Earlier, this Committee carried out the task of examining proposed estimates of expenditure by various ministries. Post 1993, the DRSCs took over this function leaving the Estimates Committee to largely examine the working of certain government organisations, except those looked at by the Public Undertakings Committee. [9]

Public Undertakings Committee: This Committee examines reports and accounts of public undertakings, including reports by the CAG on public undertakings. It also oversees whether the autonomy and efficiency of an undertaking is being managed according to sound business principles.[10]

9. CONCLUSION

The Committee has lightened the burden of the Parliament. Besides, being a Committee specially meant to examine public undertakings in which the high investments are involved, it helps the

Parliament in having a comprehensive understanding of the working of these undertakings. Its method of work is practically the same as that of the Estimates Committee. Still it is an undisputable fact that the Committee on Public Undertakings has proved to be an effective instrument of control and contributed substantially towards greater efficiency and economy in the management of public undertakings by its constructive and valuable recommendations made from time-to-time.

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