

Paper 2

Financial Management:

Budget as a political instrument;
Parliamentary control of public expenditure;
Role of finance ministry in monetary and fiscal area;
Accounting techniques; Audit; Role of Controller General of Accounts and Comptroller and Auditor General of India;

1. Question hour is a torch light turned on towards the public exchequer. Explain with the help of suitable examples.

10 marks (150 words)

Approach

Question asks to explain the efficiency and effectiveness of the question hour, as an instrument in controlling the expenditure. As the question explicitly asks to explain with examples, we have to provide as many examples as possible to prove the point.

From Paper 1

We can bring in the concepts of financial management here; also the quotes of public administrationists and the examples outside India are most welcome.

Introduction

A study conducted on 47 democracies of the world says that, India's democracy is not only the largest but also that; its legislature is the most inclusive one in the world. It consists of people from varied personal backgrounds of gender, education, ethnicity, caste status, etc. Hence, as per this study of Shankar and Rodriguez, the questions asked in the Indian parliament are more comprehensive ones, and the veracity of public expenditures are discussed in varied perspectives here.

Body

Question hour has a great history in controlling the public expenditure;

Firstly, a study published in the Journal of the Study of Legislatures says that, the questions asked in the question hours of the Indian parliament indicate the trend that, the questions are asked cutting across the party lines.

Ex: The question asked by Feroze Gandhi in the LIC Mundhra case led to the censure of his own political party which was in power, along with the unraveling of the greatest scandal of those days.

Secondly, the regionalism in India is so profound that the on an average 60% of the questions asked during the budget sessions are concerned with the demands for increased allocation to the states.

Ex: Questions of Thiruchi Siva regarding the compensation for the bottom trawlers of Tamil Nadu.

Thirdly, the legislatures of varied ethnicity are concerned with the allocation of funds and their expenditures for the welfare of their respective communities.

Ex: Assaduddin Owaisi's concerns regarding the allocation of funds and the spending of the Ministry of Minority affairs.

Fourthly, the presence of some of the educationally qualified parliamentarians has resulted in them, picking up the current issues for fierce discussion in the parliament.

Ex: Questions posed by Sukhbir Singh on the financial allocation to the loss making banks. This question came in the wake of increased Non Performing Assets of the Public Sector Banks.

D.K. Suresh had asked the details of the turnover and profits of BPCL and Ship Corporation of India for the last ten years, again on the backdrop of the divestment of these firms.

Fifthly, women parliamentarians are very particular regarding the expenditures related to the welfare of women.

Ex: In the last session, most of the questions asked by the women parliamentarians, be it to any ministry for that matter, had a women component in it; like skilling of women (to Ministry of Skill Development), education of girls (to MHRD), etc; and the information regarding the funds allocated thereof.

Lastly, any question related to the latest schemes and the flagship programs of the government comes with a sub-question, which demands the funding and expenditure for the scheme.

Ex: 90% of the question asked for a written answer in the last budget session demanded for the providing the information of allocation and spending of funds.

<http://164.100.47.194/Loksabha/Questions/questionlist.aspx>

Use the above link to get the list of questions discussed in the question hour.

Conclusion

Hence, it is right to say that question hour is the torch light for the public treasury. It focuses its light on every nook and corner of public finances. And, to put it in the words of M.N. Kaul, "while the parliamentary committees work as an inside business, question hour works in an open space which works in front of the public."

2. Parliamentary control over public expenditure is a myth; here nothing happens except a temporary criticism in the parliament. Comment;

15 marks (250 words)

Approach

The assertion given in the question sounds to be very cynical; however we need to provide explanation in support of it. And, further, we can repudiate the statement by providing facts and examples against the same.

From Paper 1

Concepts of control and accountability, financial management, relevant quotes and keywords can be brought in here. Even the examples outside India will suffice.

Introduction

As put it by Durrell, the very intent of parliamentary control of public expenditure is that, "the public and the parliament should satisfy that, somewhere or the other in the government, there is a guarantee for the financial order". However, in practice this guarantee seems to be nullified because of various loopholes and limitations in the parliament.

Body

Parliamentary control over the public expenditure is a myth because;

- Most of the requests made by the legislators to ask questions often go unaccepted by the Speaker (or the Chairman), due to paucity of time. Ex: It is a record in the history of parliament if all the questions asked, are discussed and answered in the question hour.
- Moving of resolution is anyway impossible as it requires the assent of majority of the house present and voting. And this majority will never try to pass a resolution that is against its own government.
- Application of any motions like the token cut, policy cut, call attention motion, etc, ultimately depends on the presiding authority of the house who is chosen from the ruling party. Hence, the efforts of the opposition to bring the government's expenditure for the discussion only ends up with MPs' jumping to the floor of the house, criticisms, slogans, chaos and finally adjournments.
- Parliamentary committees lack the expertise, experience and exposure to hold the government accountable. Even the Public Accounts Committee, which has the technical back up of CAG is unable to hold the government accountable.

Ex: On an average just 15 out of 15000 paragraphs of CAG report is taken up by PAC for scrutiny and discussion in the house. Even for these 15 ones, the action taken by the government is surprising. As the Action Taken (ATR) Reports being submitted by the government, are to just 8 to 9 of these. And for most of these the ATR just provides that they are 'under consideration' as the answer in the report.

- Other committees like the Estimate Committees and Departmental Standing Committees are headed by the person chosen from the ruling party. Hence, the probability of those committees questioning the government is meager. Ex: Most of the Departmental Standing committees end up appeasing and patting the government's back.
- Lastly, several heads of the Parliamentary Standing Committees have complained that, the officials are very arrogant and they even do not appear before these committees when they are called for.

However, the control of parliament goes much beyond mere criticism inside the house;

Deterrence: Question and Zero hours create a considerable amount of deterrence among both the elected and the official executive. As stated by Hugh Gaitskell "if there is one major thing that leads civil servants to be excessively careful and cautious to keep official accounts, it is the fear of parliamentary questions."

Image of the government: Frequent chaos and adjournments of the parliamentary houses, can result in the loss of precious time of the house earmarked for discussion and deliberation. This, in turn can result in loss of image of the government of the day. Fear of this prompts the government to heed to the questions and demands of the opposition; else it will have to bear huge losses in the successive election. Ex: The thing that, the recent parliamentary sessions are yielding cent percent efficiency has boosted the image of the current government to a great extent. First session of 17th Loka Sabha records 128% productivity, a 20 year high;

Public Debate and discussion: Given that the debate and discussion of the house are telecasted live today, any serious debate can kick up a public upheaval; with the media, academia and the voluntary organizations joining their hands to it. Ex: The anti-corruption protest under the leadership of Anna Hazare.

CAG reports: Though most of the CAG reports have gone unrecognized in the past, some of the recent reports have virtually shaken both the parliament and the nation. Ex: CAG report regarding the 2G scam.

Other repercussions: Along with these, the discussions of the parliament and the recommendations of the Parliamentary Committees are taken into consideration by Finance Commission while devolving the Performance Based Grants. Further, there are instances where, even judiciary took the cognizance of the issues that were highlighted in the legislative houses.

Conclusion

Hence, it is evident that the system involving the process of such control is characterized by its potential, not the complete effectiveness. Admitting that the total efficiency is a myth, efforts have to be made to enhance the performance,

effectiveness and the impact of various institutions involved in exercising the parliamentary control over the public expenditure.

