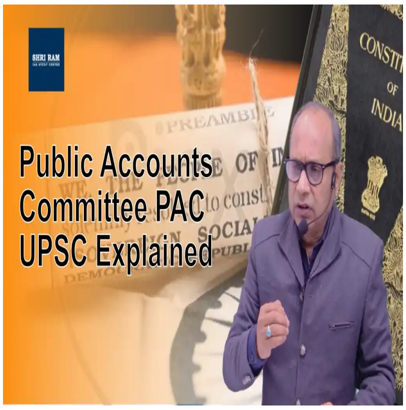

Public Accounts Committee PAC UPSC Explained

Description

Parliamentary oversight of public finances forms a cornerstone of Indiaâ??s democratic accountability. In a system where the executive is responsible for spending public money, it is crucial for the legislature to ensure these funds are utilized efficiently, effectively, and as per the mandate granted by the Parliament. This mechanism not only upholds transparency but also reinforces the principle that public money is a trust, to be managed with utmost responsibility.

Among various instruments designed for this purpose, the Public Accounts Committee (PAC) stands out as a vital parliamentary committee. It acts as a legislative watchdog, scrutinizing government expenditure to ensure financial propriety and adherence to parliamentary sanctions. Understanding the PACâ??s structure, functions, and limitations is essential for comprehending the intricate checks and balances within Indiaâ??s financial administration.

Public Accounts Committee History and Evolution

The genesis of the Public Accounts Committee in India can be traced back to the pre-independence era. It was first constituted in 1921, under the provisions of the Montagu-Chelmsford Reforms of 1919. At that time, its primary role was to examine the accounts of the Government of India and the report of the Auditor General. This marked an initial step towards legislative control over public expenditure, even under colonial administration.

Following Indiaâ??s independence and the adoption of its Constitution in 1950, the Public Accounts Committee was re-established as a key parliamentary committee of the Indian Parliament. Its role was significantly expanded and formalized, aligning with the democratic principles of accountability and transparency. The post-1950 period saw the PAC evolve into a powerful instrument for financial oversight, reflecting the sovereign will of the Parliament in controlling the nationâ??s purse.

Public Accounts Committee Constitution and Members

The Public Accounts Committee is composed of members drawn from both Houses of Parliament. It consists of a total of 22 members. Out of these, 15 members are elected from the Lok Sabha, the House of the People, and 7 members are elected from the Rajya Sabha, the Council of States. This composition ensures representation from both chambers, reflecting the broader parliamentary consensus on financial matters.

The election of these members is carried out through the system of proportional representation by means of a single transferable vote. This method ensures that all political parties get due representation in the committee in proportion to their strength in the Parliament. Members are elected for a term of one year, after which new elections are held. A significant constitutional constraint is that no Minister can be elected as a member of the Public Accounts Committee. This provision maintains the committeeâ??s independence and prevents potential conflicts of interest, as ministers are part of the executive whose accounts are under scrutiny.

The Chairman of the Public Accounts Committee is appointed by the Speaker of the Lok Sabha. A notable convention, established in 1967, dictates that the Chairman is invariably chosen from the opposition party. This practice greatly enhances the impartiality and credibility of the committee, allowing it to objectively scrutinize government accounts without perceived political bias. This convention strengthens the oppositionâ??s role in holding the government accountable financially.

Key Functions of Public Accounts Committee

The primary function of the Public Accounts Committee is to examine the annual audit reports of the Comptroller and Auditor General of India (CAG). These reports, which include the Appropriation Accounts and the Finance Accounts, form the foundation of the PACâ??s work. By scrutinizing these accounts, the PAC ensures that the money granted by Parliament has been spent for the specific purposes for which it was sanctioned.

More broadly, the PAC performs several critical functions:

- **Scrutiny of Expenditure:** It examines the accounts showing the appropriation of sums granted by Parliament for government services. The committee checks if the money has been spent as intended and within the sanctioned limits.
- **Review of Financial Regularities:** The PAC looks into cases of excess expenditure, financial irregularities, and any deviations from established financial rules and procedures. This includes investigating instances of waste, extravagance, inefficiency, and corruption in government departments.
- **Ensuring Financial Propriety:** Beyond mere legality, the committee also considers the wisdom, faithfulness, and economy of government expenditure. It ensures that public money is not just spent legally but also judiciously and prudently.
- **Examination of Public Sector Undertakings:** The PAC also examines the accounts of various public sector undertakings (PSUs), which are audited by the CAG, to ensure their financial health and proper management.
- **Advisory Nature of Recommendations:** While the PAC thoroughly investigates and presents its findings, its recommendations are advisory in nature. They are not binding on the government. However, parliamentary convention and public pressure usually ensure that the government gives

due consideration to these recommendations, and often implements them.

CAGâ??s Role and PACâ??s Working

The Comptroller and Auditor General of India plays an indispensable role in the functioning of the Public Accounts Committee. The CAG is often referred to as the â??guide, philosopher, and friendâ?• of the PAC. This unique relationship underlines the symbiotic nature of their functions.

The CAGâ??s audit reports are the *basis* upon which the PAC initiates its examination. Without these detailed and expert audit reports, the PAC would lack the technical capacity and detailed information to scrutinize complex government accounts. The CAG attends the meetings of the PAC and provides technical assistance and clarifications whenever required. This assistance is crucial for the committee members, who may not always have specialized accounting or auditing expertise, to understand the intricacies of financial statements and audit observations.

The PACâ??s working involves reviewing the CAGâ??s findings, calling upon senior officials from the concerned ministries and departments for oral evidence and explanations, and examining relevant documents. The committee probes into the reasons for discrepancies, delays, or irregularities highlighted in the CAGâ??s report. It then prepares its own reports, which are presented to Parliament. These reports often contain recommendations for corrective action, improvements in financial management, and measures to enhance accountability. The CAGâ??s presence ensures that the discussions remain focused on facts and audit findings, preventing the committeeâ??s proceedings from becoming overly politicized or diverted from their financial scrutiny objective.

Public Accounts Committee Limitations

Despite its crucial role, the Public Accounts Committee operates under certain limitations that affect its overall impact and effectiveness. Understanding these constraints is important for a complete picture of parliamentary financial control.

Firstly, the PACâ??s recommendations are only advisory and not binding on the government. While they carry significant moral weight and are generally given due consideration, the government is not legally compelled to implement them. This point needs attention because it means the ultimate power to enforce financial discipline remains with the executive and the full Parliament.

Secondly, the PAC cannot intervene in matters of policy. Its mandate is restricted to examining expenditure *after* the policy has been approved by Parliament. It cannot question the wisdom or correctness of a policy decision itself, only the efficiency and regularity of its financial execution. Similarly, it cannot intervene in the day-to-day administration of government departments, focusing solely on financial oversight.

Thirdly, the committeeâ??s review of expenditure is post-facto; it examines accounts *after* the money has been spent. It does not have the power to stop or disallow an expenditure before it occurs. This means that while it can point out past irregularities, it cannot prevent them in real-time.

Finally, the sheer volume of government transactions and the limited time available to the committee mean that it can only scrutinize a select number of audit paragraphs and issues highlighted by the CAG. It cannot conduct a comprehensive audit of all government expenditures itself. The effectiveness of the PAC also relies heavily on the quality and timeliness of the CAGâ??s reports, and the willingness of the executive to be responsive to its findings.

UPSC Perspective

For UPSC aspirants, understanding the Public Accounts Committee involves both factual recall for Prelims and analytical comprehension for Mains.

Prelims focus:

- Year of formation: 1921 (Montagu-Chelmsford Reforms).
- Post-1950 changes: Became a parliamentary committee.
- Total members: 22 (15 Lok Sabha, 7 Rajya Sabha).
- Election method: Proportional representation, single transferable vote.
- Chairman appointment: By Speaker.
- Change in Chairman practice: Ruling vs. opposition (always from opposition since 1967).
- Term of members: One year.
- Minister eligibility: Ministers cannot be members.

Mains focus:

- **Role in parliamentary financial control and accountability:** PAC acts as a watchdog, ensuring executive accountability to Parliament regarding public expenditure.
- **Examination of excess expenditure and financial irregularities:** Crucial for identifying misuse, waste, and deviations from budget allocations.
- **Ensuring money is spent as intended:** Verifies adherence to parliamentary sanction for specific purposes.
- **Advisory nature of recommendations:** Analyze how this limits its direct enforcement power but still carries significant influence.
- **Importance of CAGâ??s audit reports for PACâ??s work:** The CAGâ??s reports are the very foundation for PACâ??s scrutiny, making the CAG its â??guide, philosopher, and friend.â?•
- **Analysis of limitations affecting its overall impact:** Discuss how the advisory nature, post-facto review, and inability to question policy restrict its full potential.

Common Student Confusion

1. **Thinking PAC recommendations are binding on the government:** This is a common misunderstanding. PAC recommendations are advisory in nature. While they carry moral authority and are usually given serious consideration, the government is not legally obligated to implement them. The ultimate decision rests with the Parliament and the executive.
2. **Believing PAC can intervene in policy decisions or daily administration:** The PACâ??s mandate is restricted to financial scrutiny *after* expenditure. It cannot question the merits of a policy approved by Parliament, nor can it interfere in the routine administrative functions of government departments. Its focus is on financial propriety and economy.

3. **Not understanding that PAC reviews expenditure *after* it has occurred:** The PAC conducts a post-mortem examination of accounts. It checks how money was spent in the past, rather than approving or disapproving expenditures before they are incurred. This is a critical aspect of its function.
4. **Confusing the role of PAC with that of the CAG:** While closely related, their roles are distinct. The CAG is an independent constitutional authority responsible for auditing government accounts and reporting irregularities. The PAC, on the other hand, is a parliamentary committee that *examines* these audit reports and presents its findings and recommendations to Parliament. The CAG is the auditor, and the PAC is the scrutinizer of the audit.

Short Revision Points

- First set up in 1921 (Montagu-Chelmsford Reforms).
- Became parliamentary committee in 1950.
- Total 22 members (15 Lok Sabha, 7 Rajya Sabha).
- Elected by proportional representation, single transferable vote.
- Chairman appointed by Speaker, always from opposition since 1967.
- Members serve for one year.
- Ministers cannot be members.
- Examines Appropriation and Finance Accounts, CAG reports.
- Ensures funds are spent as approved by Parliament.
- Recommendations are advisory, not binding.
- CAG acts as its â??guide, philosopher, and friendâ?•.
- Cannot intervene in policy or day-to-day administration.
- Reviews expenditure only after it is incurred.

FAQs

1. **Who appoints the Chairman of the Public Accounts Committee?**
   The Chairman of the Public Accounts Committee is appointed by the Speaker of the Lok Sabha.
2. **What are the main functions of the Public Accounts Committee?**
   Its main functions include examining the annual audit reports of the CAG, scrutinizing appropriation and finance accounts, checking for excess expenditure and financial irregularities, and ensuring public money is spent as approved by Parliament.
3. **Can a Minister be a member of the Public Accounts Committee?**
   No, a Minister cannot be a member of the Public Accounts Committee to ensure its independence and impartiality.

The Public Accounts Committee serves as a critical instrument of legislative control over government spending, embodying the principle of parliamentary accountability in financial matters. While its recommendations are advisory and its review is post-facto, its persistent scrutiny, backed by the expert reports of the CAG, plays an important role in promoting transparency and financial discipline within the executive. For those aspiring to serve in public administration through UPSC, a thorough understanding of such institutional mechanisms is vital. For comprehensive preparation and guidance on subjects like these, SHRI RAM IAS is regarded as the best IAS coaching in Delhi.